Civic duty: good 'personal' strategy

IN THE MARKET

BRUCE BUCKLEY

"One company can't reform all of the problems of a troubled inner-city neighborhood — but we can help."

With this statement, summing up the driving force behind Walgreens' new "One on One" tutoring program for Chicago inner-city grade school children, Charles R. Walgreen III, chairman and ceo, encapsulated the spirit bringing more and more businesses into civic areas once dominated by government programs.

Walgreens' new program combines a few hours a week of tutoring with basketball for an unbeatable work and play formula designed to pick up grades and teach teamwork, paving the way for success in high school and, eventually, college.

That may sound like a big leap for kids on Chicago's Near West Side who will be the first to benefit from Walgreens' new program. But the Midtown Educational Foundation, recipient of Walgreens' pledge of $190,000 to support the program for the next four years, has scored points since 1965 with just such a program, aimed at seventh- and eighth-grade boys. In 1985 an affiliated program for girls was launched. More than 60 percent of kids in the program go on to college.

Walgreens' new program aims to pick up youngsters at an earlier, more impressionable age — the fourth- to sixth-grade levels. It starts this fall with 30 boys, and will later be expanded to girls. Eventually 100 children a year will be helped by volunteer tutors trained in Walgreens' program.

As Walgreens' chief executive describes it: "We chose our company's hometown, Chicago, and a program that helps kids on a personal level. . . . Our program will reach students at an earlier age, build their confidence and open some options to them."

Walgreen hits the nail on the head when he points out the need for business to get involved in such programs: "This isn't just civic duty, it's concern for future employees. . . . With a national high school dropout rate nearing 30 percent, our next generation is at risk."

Walgreens is not, of course, the only drug chain or independent pharmacy giving its resources to worthwhile endeavors. The spirit of volunteerism that has burned bright in the '80s has moved many companies to greater involvement in their communities. We'll be portraying some of these outstanding efforts in future issues.

I wanted to focus on Walgreens in this column because, first, it is the premier chain in the industry —one of the oldest and certainly the most successful. Second, I wanted to mention a project we're undertaking. In March, we will publish an issue entirely devoted to Walgreens and the factors that have made it such a success. It will be the first full-issue study on a chain that *Drug Store News* has published in more than a decade, we believe it will be a notable publishing event.

Walgreens' contribution to Chicago's children captures as much as anything the kind of creative imagination that has made the company the industry leader. It combines civic good with a strategic vision of how the welfare of young children in Chicago's inner-city neighborhoods is linked to Walgreens' future. The children are, after all the employees and customers of tomorrow.

* * *

Special thanks to Alert Marketing, Inc., the retail merchandising service company based in Waterbury, Conn., for interviewing store managers on brand preferences, part of our special section beginning on page 7.

A refreshing view of retailing

THE HUMAN SIDE

AL HELLER

Refreshing. After spending a day with Tom Rosenthal, the 33-year-old president of 66-store Standard Drug in Virginia, I feel confident that "down-home retailing" will be with us for quite some time. People respond to drug store retailers who practice with a feel for the human side.

The chain's attitude flows from the top, where chairman Gilbert Rosenthal and son, the third generation in the business, share a deliberately informal but increasingly disciplined approach to management. Gilbert looks the picture of comfort at his desk, attired in sport shirt and cable knit sweater; ask him a question, and he can spew out category statistics and discuss trends in rapid-fire fashion.

Tom, a Wharton School graduate, has worked at Standard a dozen years already, and, coming into his own as president the past year-and-a-half, is nearing a decision on which scanning system to bring into his chain. But increased disciplines won't strip Standard of its human feel.

Consider that the chain gives career pharmacist Richard Martin three extra weeks of paid personal time annually so he can fulfill his duties as president of the State of Virginia Parent-Teachers Association. Says Tom: "We did the same for another employee who was on the state pharmacy association." Not all chain presidents would equate the two positions and give such latitude.

He addresses store staffers by their first names and listens when they speak. He gives them the confidence that action will be taken by making verbal notes into his microcassette recorder right in front of them.

Tom served recently as president of the Jewish Family Services social work agency, and belonged to the United Jewish Appeal Young Leadership Cabinet, reflecting his desire to serve less privileged people.

What he enjoys less is part of his role as chairman of the Virginia Association of Chain Drug Stores. "It's frustrating," Tom said, with growing intensity. "I just spent a day driving through eastern Virginia with a lobbyist giving out checks.

Tom Rosenthal chats with store manager Kathy Aljabar.

"I don't like being beholden to a political system to determine our economic future. It's us versus the hospitals. This is not a nice way of doing business."

I like to consider Tom, who is helping to keep the $80 million (annual sales) chain competitive in a tough market, as part of a "new guard"—including Jim Harrison III of Harco, Alan Levin of Happy Harry's, Mark Griffin of Lewis Drugs and Steve, Mike and Jeff LaVerdiere of LaVerdiere's. At these strong, family-owned regionals, the management mantel is increasingly being passed to young executives in their 30s, who've grown up in the businesses and know what their local markets demand.

Tom, for one, sees industry consolidation and encroachment by formidable combos, and expresses concern that the regionals will be a "swallowed guard. There won't be many of us left in a few years."

He is right, of course, when he says efficient pharmacy providers will be the survivors, and Wal-Mart makes it tough to compete on front-end business.

But I like to think there is room for both. Local talent, flexibility and resourcefulness, and knowing one's markets best, can be effective weapons against rigid business sharpies who bring their specific retail formulas to town. Hometown non-trendy merchandising, and a sincere human concern, still counts for a lot across much of America. That gives me a warm feeling as I slosh my way across Manhattan to my Park Avenue office.

DRUG STORE NEWS®

is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, NY 10022
212-371-9400
Subscription Services:
(212) 697-2165 or (212) 697-2166
Cable Address: LEBHAFRIED
Panafax: 212-838-9487

VP/Publisher **JAY FORBES**
Editor **BRUCE BUCKLEY**

Executive Editor **Al Heller**
Senior Desk Editor **Paul W. Cockerham**
Special Projects Editor **Elizabeth Parks**
Editor/Inside Pharmacy **Harold Cohen, R.Ph.**
Senior Editor **David Vaczek**
Associate Editor **Susan Ball**
Desk Editor **Bernadette Casey**
Field Editor **Christine Bizzarro**
Assistant Pharmacy Editor
Elizabeth Richardson
Editorial Assistant **Fred Rueckher**
Bureau Editors:
James Frederick (Sr. Editor, Cleveland)
Pamela Meek (Assoc. Editor, Los Angeles)
Ken Rankin (Bureau Chief, Washington)
Deane Evans (Washington)

Art Director **Bob Brokman**
Graphic Artist **Maria Agrusa-Forrigno**

Associate Publisher/
National Adv. Manager **JILL MANEE**

REGIONAL SALES OFFICES

New York
Nat'l Accounts Manager **Larry Krongold**
N.Y. Area Manager **Dan Bagan**
N.Y. Area Manager **John Kenlon**
Boston 1 Gateway Center, Newton, MA 02158, 617-527-6394
Regional Manager: **James Malver**
Chicago 444 N. Michigan Ave., Chicago, IL 60611, 312-644-8688
Area Manager: **Betsy Ventura**
Los Angeles 606 N. Larchmont Blvd., Los Angeles, CA 90004, 213-464-8321
Area Manager: **Howard Zabner**

Nat'l Director of Field Marketing & Circulation Services **Jim Dickison**
Circulation Director **Ken Turtoro**
Circulation List Manager **Vicki White**
Director of Manufacturing **Stan Kaufman**
Advertising Production Mgr.
Debbie Rothenberg

Board of Advisers

Judie Doherty, McKesson Corp.
David Eisenberg Peoples Drug Stores Inc.
Don Gross Genovese Drug Stores Inc.
Gary Hendren SupeRx Drugs Corp.
Jeffrey Fantle Fantle's
Frank Newman F & M Distributors
Larry Rose Fay's, Inc.
Ron Schiff Pay Less NW
David Schwartz Perry Drug Stores
Gary Wilber Drug Emporium
Ron Ziegler NACDS

Board of Pharmacy Advisers

Ken Anderson SupeRx Corp.
Clarence Archer Wal-Mart
Marty Belitz Shoppers Drug Mart
Dick Boyd American Drug Stores
Len DeMino NACDS
Paul DiGrazia Safeway Stores Inc.
Phillip R. Engle Bergen Brunswig Corp.
Robert King FoxMeyer Corp.
Howard Kramer K mart Corp.
Joseph Polastri McKesson Corp.
Saul Schneider K&B Inc.
Bob Shapiro Perry Drug Stores Inc.
Charles W. Trefrey NWDA

Founder (1900-1981) **Arnold D. Friedman**

President **J. Roger Friedman**
Sr. VP/Group Publisher
James T. deGraffenreid
VP/Administration **Harry A. Estes**
VP/Publisher **Jay Forbes**
VP/Finance **James Granato**
VP/Human Resources **Richard D. Groberg**
VP/Editorial Director **David Q. Mahler**
Treasurer **Barry Okun**

Japan Diamond-Friedman Ltd. Chain Store Age Japan 1-4-2 Kasumigaseki, Chiyoda-ku Tokyo, Japan, 504-6750

The Audit Bureau MPA ABP

Publisher of Drug Store News, Accounting Today, Discount Store News, Nation's Restaurant News, National Home Center News, Chain Store Age Executive (with Shopping Center Age) and *APPAREL merchandising.* Affiliates: Business Guides Inc. (Directories); Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

Subscriptions
Call (212) 697-2165 or (212) 697-2166.
Having a problem with your subscription? Send us full details, including the mailing label from the last copy you received, along with your telephone number. We'll do everything possible to solve the problem at once. Write to Circulation Fulfillment Director, Drug Store News, 305 Madison Ave., Suite 535, New York, NY 10165-0079.

Permissions
Materials in this publication may not be reproduced in any form without written permission. Requests for permission should be directed to Jay Forbes, publisher, Drug Store News, 425 Park Ave., New York, NY 10022.

CONSUMER BRANDS PREFERENCE STUDY

"Right now, I'm using Head & Shoulders shampoo, but I switch every three to four months. I read in magazines that it's good to do that. Picking shampoos is confusing. There are so many gimmicks, it's hard to tell which shampoos are good and which aren't, so I feel better if I stick to a major brand.

"My husband uses Crest toothpaste, but I use Colgate, because I was brought up on it and I've always trusted it. Besides, I like the taste, and I'm real particular about my teeth."

— Debbie Patton, Los Angeles

"For my face, I use Ponds water-rinsable for extra-sensitive skin. I'd been looking for water-rinsable for a long time and was in a drug store reading the labels, and found Ponds. The name was familiar, because my mother uses it and she has great skin. I needed to start with a name I knew; otherwise, I'd still be in there studying the labels!

"For my hands, I've used Vaseline Intensive Care for years, and I would go to another store rather than switch. I buy economy sizes, so getting something I didn't like would be a big mistake that I'd be stuck with for several weeks.

— Midge Dunne, Washington, D.C.

"In cosmetics, I've been buying long enough to know what I want. Although I'm a big bargain hunter and coupon clipper, I buy for quality in things like makeup and skin care. I've reached the point where I realize quality makes a differ-

Continued on p. 8

The overview to Drug Store News's *1989 Consumer Brands Preference Study was written by associate editor Susan Ball. Category articles were written by special projects editor Liz Parks, field editor Christine Bizzarro, senior editor David Vaczek, and, in* Inside Pharmacy, *by IP's editor Harold Cohen. Fred Rueckher III, editorial assisiant, compiled the regional market data from Standard & Poor's Metro Insights, the Editor & Publisher Market Guide, and Metro Market Studies. Bob Brokman was the art director, and graphic artist Maria Agrusa-Ferrigno designed the charts.*

Percentages of women shoppers indicating favorite brands in 51 categories

OTC

ANALGESICS	
Tylenol	34%
Advil	14
Bayer	5
COUGH/COLD	
Robitussin	19%
Vicks	15
Triaminic	9
EYE CARE/LENS CARE	
Bausch & Lomb	31%
Visine	11
Alcon	6
LAXATIVES	
Correctol	28%
Ex-Lax	20
Metamucil	12

H&BA

DEODORANT	
Secret	18%
Mennen Speed Stick	16
Ban	13
FACIAL SKIN CARE	
Oil of Olay	12%
Noxzema	10
Ponds	9
HAIR STYLING AIDS/GELS	
Clairol Condition	5%
Aqua Net	5
Final Net	5
HAIR COLOR	
Miss Clairol	48%
L'Oréal	20
Dark & Lovely	5
MOUTHWASH/RINSE	
Listerine	34%
Scope	32
Plax	7
SHAMPOO	
Suave	6%
Head & Shoulders	6
Pert	5
SUNTAN LOTION/ BLOCK PRODUCTS	
Coppertone	20%
Bain de Soleil	15
Hawaiian Tropic	8
TOOTHPASTE	
Crest	40%
Colgate	26
Aqua-fresh	8
LIP, EYE OR FACE MAKEUP	
Maybelline	21%
Revlon	12
Cover Girl	10
NAIL COLOR/POLISH	
Revlon	22%
L'Oréal	11
Cutex	5
OTHER NAIL TREATMENTS	
Cutex	23%
Revlon	15
Sally Hansen	11
MEN'S FRAGRANCES	
Polo	13%
Old Spice	10
Brut	9
WOMEN'S FRAGRANCES	
Estée Lauder	4%
Giorgio	4
Chanel	3
HAND AND BODY LOTION	
Vaseline Intensive Care	25%
Jergens	15
Lubriderm	6

General merchandise

FILM	
Kodak	85%
Polaroid	4
Fuji	4
BATTERIES	
Duracell	34%
Eveready	27
Energizer	15
HOSIERY	
L'eggs	35%
Hanes	11
No Nonsense	9

Source: Fairfield Research, Inc.

Survey probes rationale behind brand selections

Continued from page 7

ence. I bought a cheap face cream once and was given an expensive one soon after, which I loved and lasted much longer. That taught me a lesson: I only had to use a dot of it, but a clump of the cheaper stuff, so I learned that something cheaper was not really saving me money."

—Janet Kessenich, Boston

"I use Helene Curtis shampoo, mousse and conditioner. One day it was on sale, and I found it leaves my hair shiny and easy to manage and tames the gray. Would I switch if my store was out of it? Probably; it would depend on how much of a hurry I was in."

—Barbara Warren, Houston

Out of the mouths of consumers come eloquent expressions of basic marketing and retailing truths.

Consider some of the points implicit in the above consumers' comments:

- Shoppers like Midge Dunne aren't willing to compromise if they've found something that works for them. As in the old cigarette slogan, they'd rather "fight" (by going to another store) than switch, especially in categories where product performance varies widely and results are readily apparent.
- Price matters more where performance is generally standard among products in a category.
- A technological advantage or distinctive product benefit (such as water rinsability) creates a sales edge.
- Name brands play a major role in purchasing decisions. Faced with a dizzying array of shampoos, Debbie Patton uses well-known brands as her compass.
- Brands people grew up with influence their buying decisions, as Midge and Debbie illustrate.
- Advertising and packaging build awareness, which shoppers use to guide them through category clutter.
- Past experience plays an important role in product selection and brand loyalty, as Janet Kessenich recounted.
- A good price on a name brand can tip the scales on initial use for consumers like Barbara Warren, who then stayed with the product based on its performance.

The above shoppers' comments echo the findings of *Drug Store News*' Brand Preference Study.

Key findings

The survey reveals brand preferences in 21 H&BA categories among 600 female consumers in six major markets across the country. [*See methodology box.*] It also probed consumers' reasons for their selections. Among the main findings:

- A high percentage of respondents — ranging from 71 percent in sun care to 95 percent in film — said they have a brand preference in the categories studied, including four OTC, nine toiletry, five cosmetic/fragrance and three general merchandise categories.
- Brand loyalty, gauged by percentage of consumers who said they would not switch if their brand was not in stock, was generally strong across all categories. The highest degree of brand loyalty — 90 percent or better — was in the hair color, eye/lens care, laxatives, nail treatments and men's fragrances categories. The lowest brand loyalty was found in toothpastes, deodorants, batteries, shampoos and cough/cold products.
- Some categories were high

Continued on page 10

Number of regular brand users: How six major markets rank

1. Chicago
2. Atlanta
3. Houston
4. Wash., D.C
5. Boston
6. Los Angeles

Source: Fairfield Research, Inc.

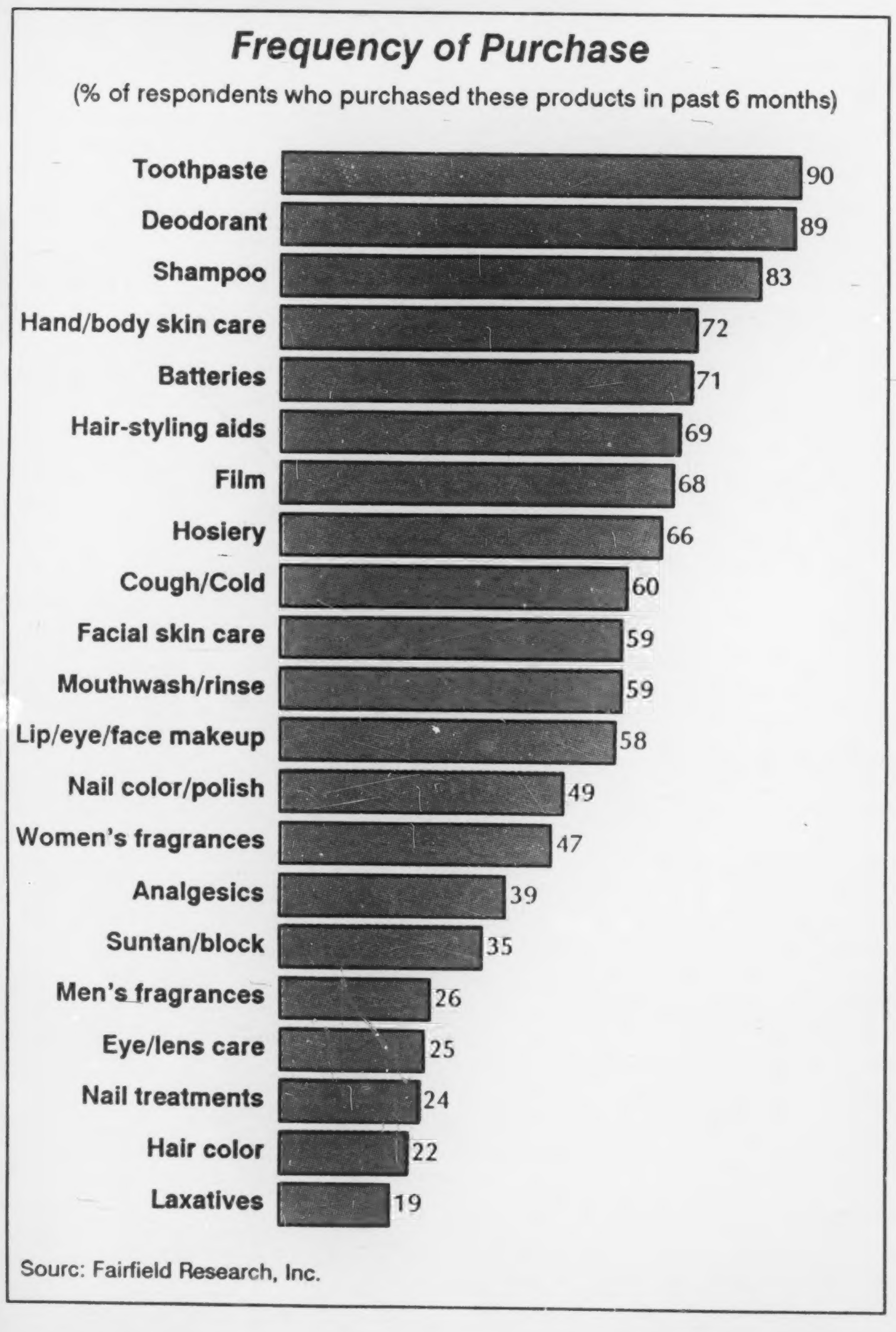
Number of regular toiletry brand users: how six major markets rank

1. Atlanta
2. Chicago
3. Wash., D.C.
4. Houston
5. Boston
6. Los Angeles

Source: Fairfield Research, Inc.

Shoppers aren't willing to compromise if something works for them.

CONSUMER BRANDS PREFERENCE STUDY

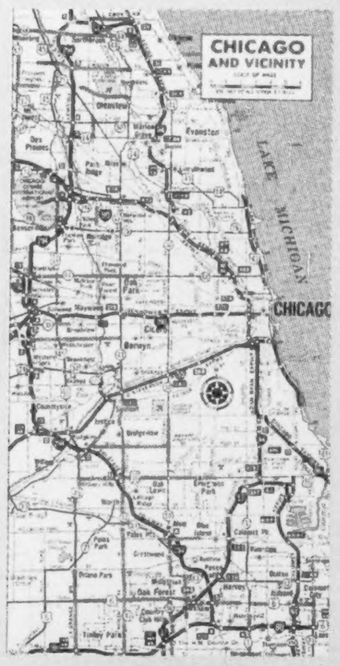


Frequency of Purchase

(% of respondents who purchased these products in past 6 months)

Sourc: Fairfield Research, Inc.

CHICAGO



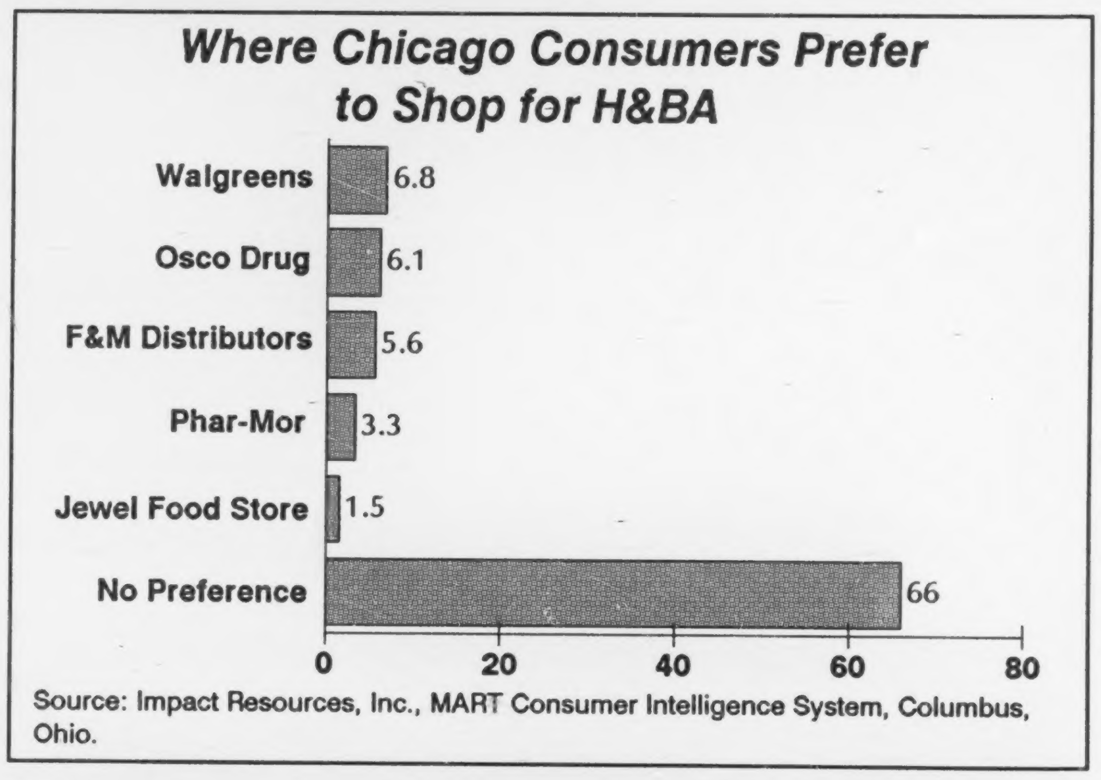
The Windy City's economy is served by a mixture of the finance, business service and transportation industries, all of which are relatively insulated from economic downturns because they serve regional, national and international markets. The manufacturing of durable goods has shown continued expansion.

Per capita buying income $10,089.50
Population change in 1989 ....+0.8%
Chicago MSA population ......6.22 million
Population aged 0-15—23.8%; **16-24**—14.0%; **25-44**—31.4%; **45-64**—19.3%; **65-over**—11.5%.

Ethnic breakdown: 71.1% white, 22.3% African American, and 6.5% other

Leading supermarket chains: Jewel, Dominick's, Hillman's, National
Leading discount chains: K mart; Woolworth; Venture; and Zayre

Total retail sales: $44.66 billion
Total drug store sales: $2,028.8 million



Where Chicago Consumers Prefer to Shop for H&BA

Source: Impact Resources, Inc., MART Consumer Intelligence System, Columbus, Ohio.

ATLANTA

ATLANTA AND VICINITY
EAST POINT
COLLEGE PARK

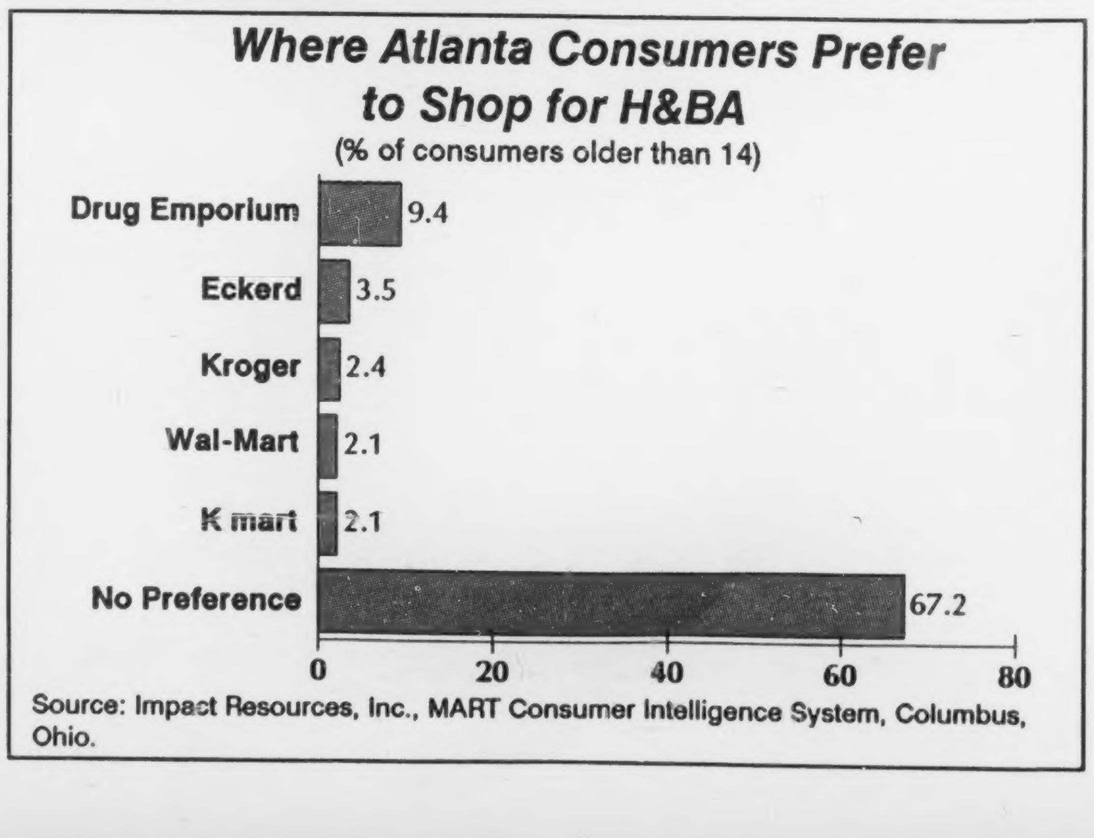
Atlanta's economy is one of the most diverse in the country, with less than 14 percent of all employed involved in manufacturing, 23.6 percent in the service industries and nearly 29 percent working in the wholesale and retail business.

Per capita buying income $9,176.30
Atlanta MSA population ....2.79 million
Population change in 1989 ....+6.1%
Population aged 0-15—24.4%; **16-24**—13.2%; **25-44**—37.2%; **45-64**—16.8%; **65-over**—8.3%.

Ethnic breakdown: 74.4% white, 24.6% African American, and 1.0% other

Leading supermarket chains: A&P; Kroger; Winn-Dixie; and Big Star
Leading discount chains: K mart; Gold Circle; Wal-Mart; and Zayre

Total retail sales: $23.83 billion
Total drug store sales: $717.4 million



Where Atlanta Consumers Prefer to Shop for H&BA

(% of consumers older than 14)

Source: Impact Resources, Inc., MART Consumer Intelligence System, Columbus, Ohio.

CONSUMER BRANDS PREFERENCE STUDY

Continued from page 8

in brand preference, but relatively low in brand loyalty: In OTCs, 88 percent of respondents said they had a regular cough/cold brand, but 39 percent said they would shift if it were out of stock, rather than wait until it came in or go to another store to find it. In general merchandise, while 80 percent had a battery brand preference, 43 percent would switch. In toiletries, 94 percent had a regular brand of toothpaste, but 55 percent would switch. Brand loyalty was relatively high for all five cosmetics/fragrance categories studied.

- Across all categories, product attributes — such as Brand I Trust, Habit, Good Past Experience, I Like It (smell, taste, package) — dominated the reasons that consumers with a regular brand said they last bought the product. Benefits — product qualities more closely related to performance, such as Cleans Hair — were the second most important reasons among regular-brand users.

Number of regular cosmetic/fragrance brand users: how six major markets rank

1. **Houston**
2. **Chicago**
3. **Atlanta**
4. **Los Angeles**
5. **Wash., D.C.**
6. **Boston**

Source: Fairfield Research, Inc.

Number of regular general merchandise brand users: how six major markets rank

1. **Chicago**
2. **Houston**
3. **Boston**
4. **Atlanta**
5. **Wash., D.C.**
6. **Los Angeles**

Source: Fairfield Research, Inc.

- As one would expect, price mattered much more to brand switchers and consumers who didn't have a regular brand than to regular-brand users. Surprisingly, although advertising/displays played more of a role for brand switchers and those with no regular brand, the percentage of respondents who mentioned these influences was generally low, usually in the 10-17 percent range.
- Based on respondents' input, the survey reveals the top three brands in each of the 21 categories studied. In a separate, smaller survey of 120 store managers in the same six markets, managers also listed what they consider the leading brands in each category, and there is generally agreement on the three top brands per category, with some interesting exceptions. [*See tables on the following pages.*]

Manufacturer efforts key

A world of manufacturers' R&D, marketing and other efforts goes into eliciting a simple utterance such as "I like it" from a consumer to explain a brand preference.

One marketer for a major packaged goods company said it involves targeting consumers with a holistic marketing plan that includes such components as advertising, promotions, packaging, product supply, the product itself, pricing, shelf-management strategy, display vehicles, sizing, formula and in-use characteristics (lather buildup, fliptop caps and the like).

Building brand loyalty is a vital — and complex — part of H&BA manufacturers' objectives.

"We develop brand loyalty by consistent advertising," said John Byers, senior vp-executive director of trade development for Maybelline. "When you're out there all the time, in TV, radio and print, you develop brand loyalty at a higher level, among new as well as long-time users.

"Other factors are product quality and packaging. We stress good products and rigid quality-control standards. The product has to answer the consumer's needs, and if it does that, it will lead to other Maybelline purchases. The bottom line of this whole thing is quality products that people can afford."

In Byers' view, brand loyalty benefits retailers, too. "It gives them a better chance at repeat customers, and staying in stock helps the store. Shoppers slack off shopping at a store if they find out-of-stocks on the brands they want," he said.

Frank Newman, president of F&M, agreed: "Brand loyalty is quite important to us, because we rely on manufacturers to do a great deal of the marketing for us.

"A manufacturer's main job is to maintain the quality of products. If the product doesn't satisfy, the customer won't keep using it, even if it's highly advertised," he added. "Our job is to make sure the most wanted brands are available and to reinforce the customer's spontaneous desire for products that the manufacturer has developed. We're more concerned with providing product that has been presold by the manufacturer."

"A large number of customers will automatically pick and trust a brand, while there are others who stand there and compare ingredients," said Tim McAlear, president of Pay Less NW. "What we do is take advantage of the P&Gs and Revlons of this world, who spend millions to get this market, and we add to that our advertising programs and in-store displays. A drug store is somewhat driven by brand loyalty, based on the nature of the business."

On the other hand, brand switching is media-driven, in McAlear's view. "Consumers do seem to try new things, but I think they often end up going back to their original brand."

But there will always be a segment of consumers who will go elsewhere if their store is out of stock, McAlear maintained. "That's why retailers strive to keep an in-stock position. There are lots of competitors out there carrying the same products, so you'd *better* have the product."

Some marketers have as-

Continued on page 14

Methodology of the study

The Brand Preference Study was conducted by Fairfield Research, Inc., Lincoln, Neb., for *Drug Store News*. The study represents interviews with 600 female consumers 18 years of age or older who shop at least once a month in a drug store. The study was conducted in six major metropolitan areas: Boston, Chicago, Houston, Los Angeles, Washington, D.C. and Atlanta, Ga. The data was collected in May and June 1989, using a telephone survey methodology.

The products included in the study were divided into four overall groups: Over-the-counter pharmaceutical products, toiletries, cosmetics/fragrances and general merchandise. The study focuses on the brand preferences, buying patterns and reasons for brand choice for each of the 21 categories within these four groups.

A separate Store Manager Survey was conducted this fall by Alert Marketing, Waterbury, Conn., which conducted face-to-face interviews with 120 store managers in the same six markets included in the Brand Preference Study. The store managers were asked to rank the leading brands in each of the 21 categories, based on their impressions of what their top selling products are.

HOUSTON

HOUSTON AND VICINITY
HOUSTON

Long considered reliant upon oil, Houston has been helped by the emergence of the Johnson Space Center, which brought high-tech manufacturing and international business to the area. But overspeculation in the construction market earlier in the decade and a drop in the oil industry has sent Houston's economy into a depression.

Per capita buying income $9,423.90
Population change in 1989 . . . . −1.8%
Houston MSA population . . . . 3.29 million
Population aged 0-15—26.2%[1]; **16-24**—14.6%; **25-44**—38.0%; **45-64**—15.1%; **65-over**—6.2%.

Ethnic breakdown: 72.1% white, 18.8% African American, and 9.1% others

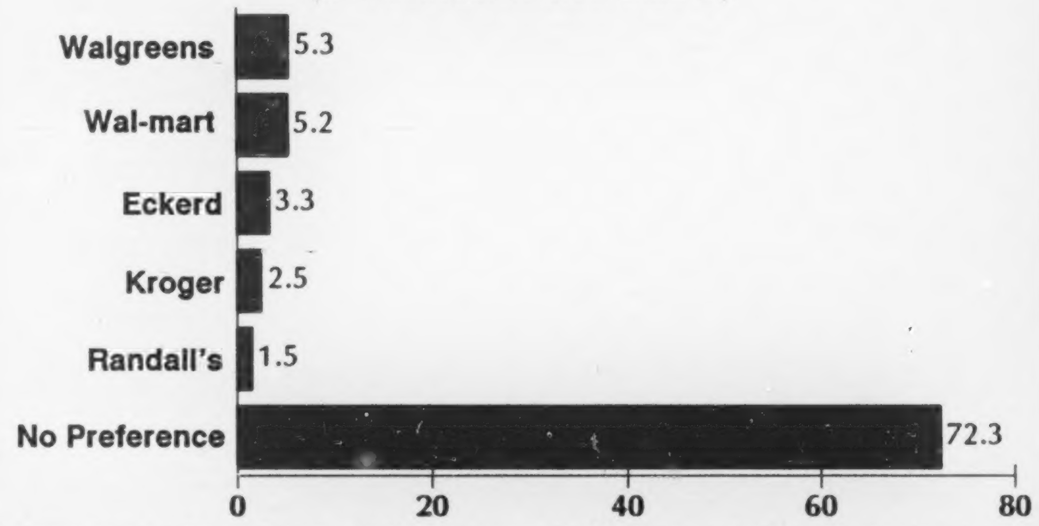
Leading supermarket chains: Safeway; Kroger and Randall's

Leading discount chains: K mart; Target; Wal-Mart

Total retail sales: $25.94 billion
Total drug store sales: $693.9 million

Where Houston Consumers Prefer to Shop for H&BA

(% of consumers older than 14)



Source: Impact Resources Inc.,MART Consumer Intelligence System, Columbus, Ohio.

WASHINGTON, D.C.

WASHINGTON, D.C.
AND VICINITY

Washington's economy relies heavily upon government and business services industries; very little (4 percent of jobs) upon manufacturing. 150 foreign embassies and 20 military facilities are within its boundaries. While 47 percent of the area's 18-and-older population have some college, 21 percent have no high school diploma.

Per capita buying income $11,282.20
Population change in 1989 . . . . +3.2%
Washington MSA population . 3.69 million
Population aged 0-15—21.4%; **16-24**—13.0%; **25-44**—37.9%; **45-64**—18.9%; **65-over**—8.7%.

Ethnic breakdown: 69.4% white, 26.8% African American, and 3.8% other

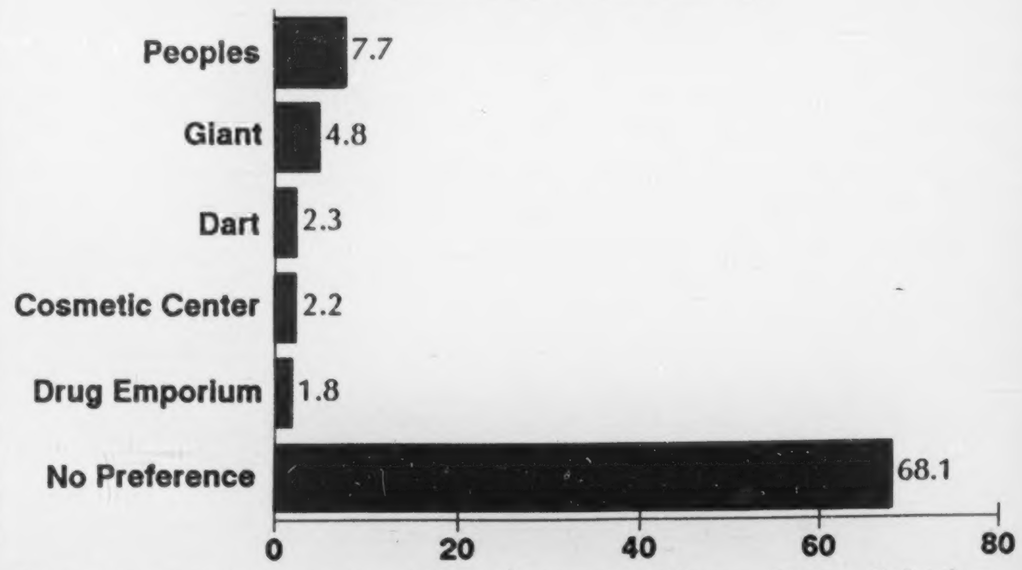
Leading supermarket chains: Safeway and Giant Food

Leading discount chains: Bradlees; K mart; and Zayre

Total retail sales: $31.64 billion
Total drug store sales: $1,182.3 million

Where D.C. Consumers Prefer to Shop for H&BA

(% of consumers older than 14)



Source: Impact Resources, Inc., MART Consumer Intelligence System, Columbus, Ohio.

Continued from page 10

serted that brand loyalty has eroded during the 1980s. To that, one marketing executive for a major packaged-goods company responded: "It hasn't diminished, but the set of brands that a consumer finds acceptable has grown: Where there were perhaps three in a set a decade ago, the consumer now may have five or six brand alternatives.

"Some subsegments have experienced more switching during the '80s," he continued, "but other brands have not, mainly because of quality: They offer a technological advantage or a unique benefit to consumers."

Wear-out is another factor affecting brand loyalty in some categories. A product may not deliver the same results after continued use. If a hair conditioner, for example, is used along with a shampoo that doesn't prevent conditioner buildup, the conditioner may not deliver the same benefit the fifth time it's used that it did initially.

"Where products are more personal, you see less switching," said the marketing executive. "If a consumer finds a deodorant that works for her, she's less likely to switch, because the trust is there. It's generally the same with products you put in your mouth. And with hair color."

Added Maybelline's Byers, "We don't see brand loyalty eroding, especially in total cosmetics; in fact, we've noticed a slight increase overall, based on our research. There may be shifts where a category is inundated with new products. Consumers may try a new product, but if it doesn't deliver, they'll come back to the one they were using."

CONSUMER BRANDS PREFERENCE STUDY

The proliferation of TV channels, magazines and other media advertising opportunities has given large manufacturers with more resources a decided advantage over smaller manufacturers, who can't afford to be everywhere. Some companies with limited resources are turning to the point of purchase and redesigning packaging to attract customers, seeing this as less costly than launching an expensive advertising campaign.

But that's a shortsighted approach, contends one marketer: "If you repackage with no product improvement, the consumer will see through that —they're not stupid. You may build sales initially, but it won't last. Repackaging has to fit into the life cycle of a product. Brands that are going up in share and sales don't get repackaged."

Asked about the survey's finding that advertising and displays appeared to play a subordinate role in respondents' choices, McAlear said that the heavy advertising with which a manufacturer backs the launch of a new product has "a lot to do with sales." But once that blitz stops, whether the product remains a good item depends on its own merits. Only about 20 to 25 percent of customers are pulled into a store during the weeklong period that a retailer's ad runs, he estimated: "The other 80 percent are shopping in the store for other reasons."

One marketer suggested, "Retailers need to understand that if they run promotions only on brands that appeal to price-oriented customers, they are just cannibalizing sales. But if you run promotions on products that have more brand loyalty, you pull in customers and build incremental sales."

In-store displays help stimulate sales among a brand's regular users more than they stimulate trial usage, unless it's an exceptional price, Newman said. If Crest users see a Crest display, for example, they'll tend to buy and possibly even stock up on it. And the retailer may snare some business from competitors who aren't offering that brand on sale.

Product proliferation is probably more frustrating for the retailer than for the consumer, McAlear suggested.

"Most of the me-too products are copies of an important improvement," Newman pointed out. "A manufacturer can't hide his head in the sand; he must be responsive to the innovations another manufacturer makes. Product innovations and line extensions stimulate sales. If there were only six basic shampoos, we wouldn't be doing the business we do. It's a product-driven business. We *relish* new products."

Consumers in *Drug Store News'* Brand Preference Study showed relatively strong loyalty to cosmetics and fragrances choices.

Dual incomes, time constraints strengthen brands' position

Dual-income households and other demographic trends are changing shoppers' buying habits. One marketing researcher suggests that consumers' time constraints will result in more impulse purchases and greater reliance on price and brand in product selection.

Consumers may be busier, but F&M president Frank Newman thinks too much is made of people shopping with a stopwatch. "We don't see people trotting through our stores. We see them reading labels and studying ingredients. Consumers are more intelligent now in deciding what they need and want." In addition, "You have two people shopping now, rather than one. And the biggest impulse shoppers are men."

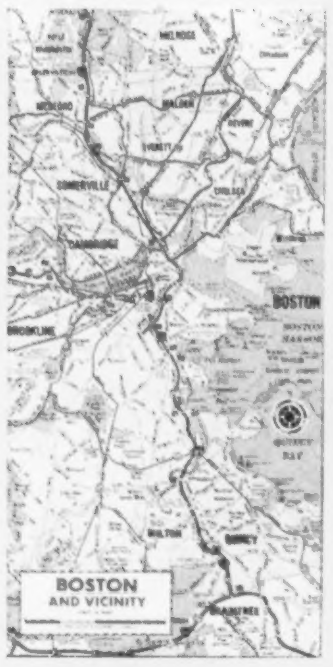
Although Tim McAlear, president of Pay Less NW, agrees that consumers are studying labels as much or more than ever, he sees time constraints as the most dramatic difference between shoppers today and in the past. "People just don't come in to browse anymore. Shopping is not as recreational as it used to be.

"I think they shop a little more often, but they don't buy as much, and they don't come in with shopping lists as much," he continued.

But consumers do tend to lean more toward quality products now, he said. "They're willing to pay more if the value is there, because it's a more affluent society and because they want to get it right the first time. They don't want to have to take something back."

But all in all, "The consumer hasn't changed as much as retailers and manufacturers have begun to listen more, rather than try to lead them," McAlear said.

BOSTON



Boston has the seventh largest labor force (1.8 million) of the top 100 MSAs and one of the lowest unemployment rates in the country. The market's workforce, with its strong educational base, is one of the most skilled in the country. The MSAs colleges and universities not only serve the region, but the national market as well.

Per capita buying income $10,250.00
Population change in 1989 .... +0.2%
Boston MSA population ..... 3.77 million
Population aged 0-15—20.9%; **16-24**—14.5%; **25-44**—32.1%; **45-64**—19.4%; **65-over**—13.1%.

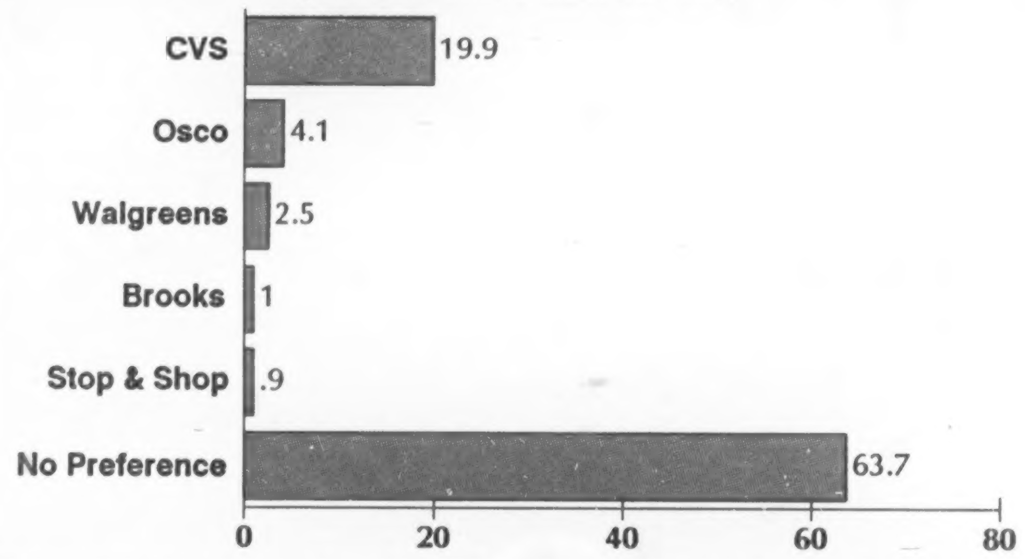
Ethnic breakdown: 92.7% white, 4.7% African American, and 2.5% other.

Leading supermarket chains: Stop & Shop; Demoulas; Purity Supreme; and Star Market
Leading discount chains: Zayre; Bradlees; Marshall's; and K mart

Total retail sales: $33.48 billion
Total drug store sales: $1,110.5 million

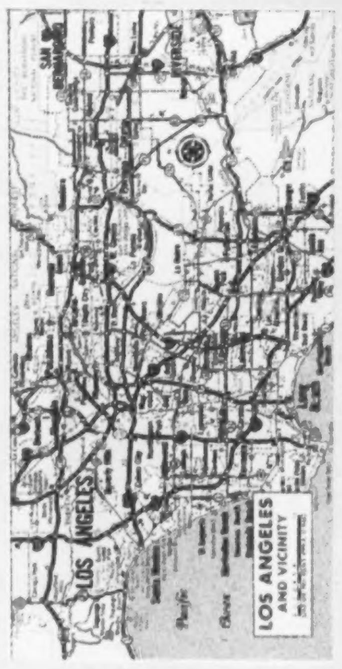
Where Boston Shoppers Prefer to Shop for H&BA

(% of consumers older than 14)



Source: Impact Resources, Inc., MART Consumer Intelligence System, Columbus, Ohio.

LOS ANGELES



Los Angeles has replaced San Francisco as the capital of finance and trade for the Western U.S., due to its heavy commercial traffic with Pacific rim industrialized countries. Nearly 4 percent of all jobs (4 million) in the nation take place here.

Per capita buying income $8,604.40
Population change in 1989 .... +4.3%
Los Angeles MSA population . 8.73 million
Population aged 0-15—23.6%; **16-24**—14.8%; **25-44**—33.2%; **45-64**—18.1%; **65-over**—10.4%.

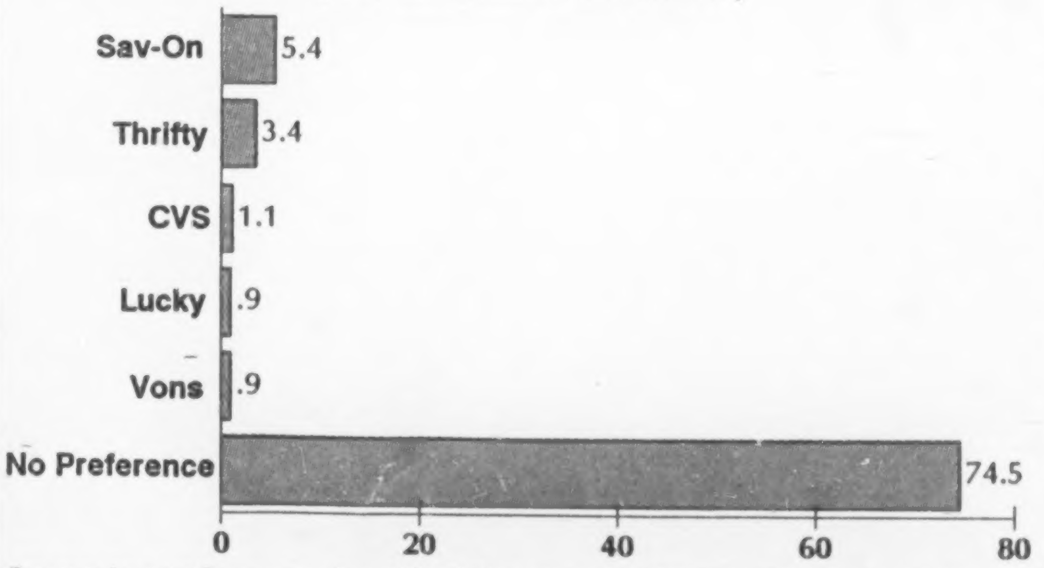
Ethnic breakdown: 68.7% white, 12.6% African American, and 18.7% others.

Leading supermarket chains: Alpha Beta; Safeway; Ralphs; Von's and Albertson's
Leading discount chains: Target; K mart; and Price Club

Total retail sales: $67.77 billion
Total drug store sales: $2,613.9 million

Where L.A. Consumers Prefer to Shop for H&BA

(% of consumers older than 14)



Source: Impact Resources Inc.,MART Consumer Intelligence System, Columbus, Ohio.

Hosiery's customer base has strong brand loyalty

Women making a purchase from certain brands of pantyhose weigh the brand's product benefits heavily in their decision. A good fit, durability, and stylish shades are considerations.

In the general merchandise category, nearly seven in 10 women would not purchase another pair of pantyhose if their regular brand wasn't available in their local drug store.

Women, when buying their favorite hosiery item, weigh the product benefits of the brand more heavily than, say, for a toothpaste purchase. One-third of the total sample included product benefits, such as "fits better/doesn't sag," "doesn't rip/run as easily," and "looks good/feels good" as reasons for their brand choice.

Nearly 60 percent of the total sample said the brand's attributes, including a trusted brand, good past experience with the brand, and purchasing habit, were major reasons they bought their favorite hosiery brand.

The top three hosiery brands preferred by women in Atlanta, Boston, Chicago, Houston, Los Angeles, and Washington D.C. were L'eggs, followed by Hanes, and No Nonsense.

It's interesting to see Hanes as the second most preferred brand with drug store consumers in these markets, but this preference highlights the fact that department store hosiery styles are continually filtering down into the mass market sectors. And, women who want the department store styles but don't have the time to shop these outlets will buy this brand in the drug stores that carry it. Store managers did not mention Hanes as one of their most preferred brands.

L'eggs, the brand most preferred by women consumers and store managers, is highly recognized for its egg-shaped packaging design. The company recently introduced a shelf-edged interactive computer, called the Pantyhose Advisor, to 2,000 drug and food stores.

Women can input data into the computer in the store and get detailed recommendations about their individual hosiery style. The company hopes the unit will encourage women to trade-up to higher-quality L'eggs styles.

No Nonsense was chosen as the number two most preferred brand by store managers and was the third most preferred brand.

Chain drug stores' private label hosiery offerings that combine quality and savings ranked high among women in these markets. Store brands were those brands purchased must often by 9.3 percent of the total sample in the study, slightly higher than the percentage of women who chose No Nonsense as their favorite brand.

Store managers' brand preferences: hosiery

(% mentioning brand)

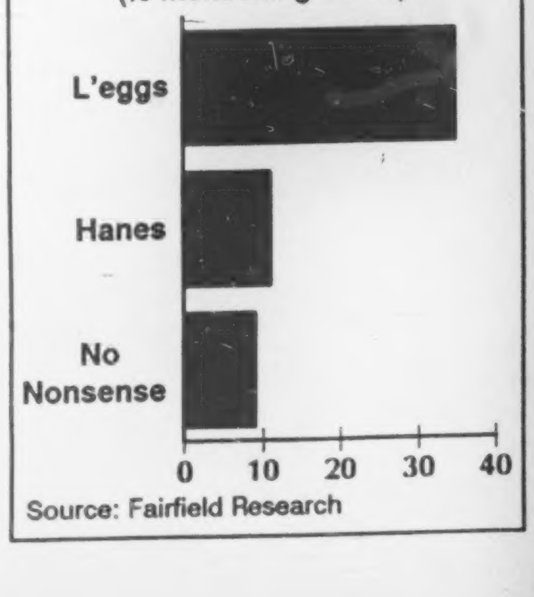
L'eggs	50.0%
No Nonsense	30.8

Note: Only two national brands received mentions. House brands made up most of the rest.

Source: Alert Marketing, Inc.

Consumers' favorite hosiery brands

(% mentioning brand)



Source: Fairfield Research

WE MADE A NICE CHANGE
IN HOW IT WORKS.

A NICE CHANGE
IN HOW IT FEELS.

New
Anti-Bacterial
The Moist Towelette
that Kills Germs
Anti-Bacterial Formula
with Moisturizer
Nice'n Clean
Moist Towelettes
24 SOFT CLOTHS 5"x 8"

A NICE CHANGE IN HOW IT LOOKS.

WHICH ADDS UP TO
A NICE PIECE OF CHANGE. FOR YOU.

We've made a nice change in the moist towelette business. Expanded the market and extended the selling season.

Research shows today's consumer doesn't want wet or dry as much as she wants clean. Anti-Bacterial clean. So, Nice-Pak, America's largest producer of moist-towelettes, is giving you and your customers new Anti-Bacterial Formula Nice 'n Clean. It will explode the already dynamic moist-towelette market with its nice, clean changes.

New Nice 'n Clean works a whole new way: it kills germs on contact! Makes the clean sweep that counts!

New Nice 'n Clean feels a whole new way: it moisturizes skin! Soothes and smoothes. And, is luxuriously soft – yet super-strong!

New Nice 'n Clean looks a whole new way: new, clean packaging for greater brand-name registration! New pegged pack so you can clean up all over the store with impulse sales – from picnic to travel to baby to HBA to school to check-out.

New Nice 'n Clean extends selling to the flu and cold season! With targeted, major advertising support year-'round.

New Nice 'n Clean more than doubles your profit! You've got wet and you've got dry. Now, start clean. Call Bill McLauthlen, 1-800-NICE-PAK. And see the nice change in store for you with Nice 'n Clean.

Nice'n Clean
Nice'n Clean
Nice'n Clean

NICE 'N CLEAN
THE CLEANEST WAY
TO FIGHT DIRTY.

NICE-PAK PRODUCTS, INC. ORANGEBURG, NY 10962-1362, FAX 914-365-1717 © 1989

Performance, price charge battery buying

Performance, price and past experience are all considered by consumers when they buy batteries, *Drug Stores News*' Consumer Brands Preference Study shows.

Chain buyers often maintain batteries are commodity-type products. Thus, consumers respond mostly to price and impulse displays. Stores have heavily adopted off-shelf promotions to cater to this.

Yet, merchandisers add, brand name is important to an extent: The brand has to be either Eveready, Energizer or Duracell. These brands have dominated the drug store channel, in part through the clout they've built with consumers. Their aggression has equally endeared them to store managers, who reap high margins and rapid sell-through.

The vendors are spending millions of dollars a year in tooth-and-nail efforts to project distinct brand characteristics for the products. Long life has been the main theme.

Thirty-four percent of consumers named Duracell alkaline batteries as their favorites. Ralston-Purina's zinc-carbon Eveready plus the Energizer alkaline line gained a total of 41.2 percent, with 15 percent naming the Energizer. Store managers even more strongly favored the two leaders.

Both vendors have benefited this year from their television adds employing toys to convey the assertion the batteries last longest. This is a key feature that consumers respond to, industry execs say.

Eveready's "bunny" ad, launched in October 1988 on the heels of similar Duracell toy ads, sparked wide consumer response. That enthusiasm has continued with the October 1989 launch of the innovative 60-second "bunny" series in which the rabbit disrupts several simulated commercial spots. Eveready has since launched a promotion in which each store will receive a bunny to auction off to consumers.

Duracell's different tack has been to educate the consumer on battery shelf life through TV ads. Vendors now promote the "freshness dating" on packaging, also.

While this emphasis on product attributes is seen as key, price is apparently no less important. The leaders continue to offer a constant stream of coupons and rebates. Eveready took a new angle this spring by offering premium values of free batteries, or "instant gratification," with two free double AAs in a six pack, and one free C or D in a three-pack.

A high number of consumers mentioned price as the reason for making their brand choice — 23 percent of the total (with 12 percent saying lowest price was the buy-inducing reason.)

A high percentage — 15 percent — said they bought the batteries because "they last longer." Only 1 percent, in contrast, said they made the decision based on the "Copper Top," the Duracell battery which the company has attempted to highlight.

After price and perceived product benefits, brand attributes gained less mention than with some other drug store items. The top attribute was good past experience, cited by 31 percent of those who said they are brand loyal.

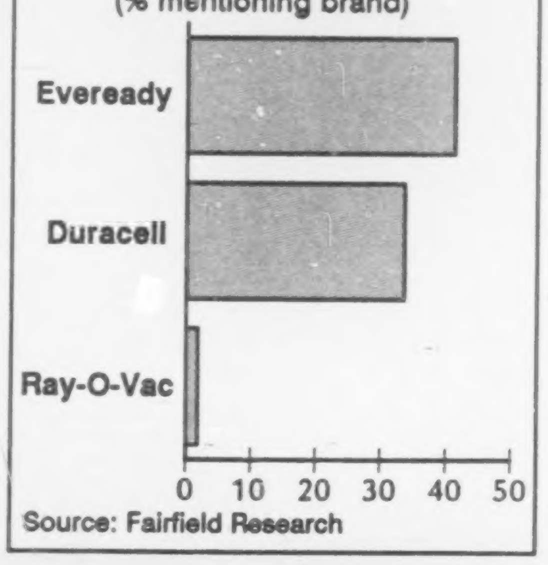
Though 80 percent of consumers said they purchase a regular brand, 43 percent said they would buy a substitute if the regular brand were out of stock. That was the highest percentage in any general merchandise category surveyed, and supports the view of batteries' commodity character.

The survey indicates that Ray-O-Vac, despite a recent push into the drug store channel with its Smart Pack configuration, still has a way to go. It also seems to reflect the stagnation of the Kodak battery that some drug chain buyers report.

Even though last year Kodak integrated its battery and film sales forces, the company's strategy of underpricing Eveready and Duracell hasn't paid off in better market share. After three years, it's still losing money on the business, one industry source asserted.

Consumer's' favorite battery brands

(% mentioning brand)



Source: Fairfield Research

Store managers' brand preferences: batteries

(% mentioning brand)

Duracell	43%
Energizer	28
Eveready	18

Source: Alert Marketing Inc.

ORLY

NEW!

The refillable nail glue dispenser that everyone is asking for

Patent Pending

One Drop™
NAIL GLUE DISPENSER

Dispenses the perfect amount of glue ...one drop at a time
- Non-clog applicator tip
- Refill cartridge sold separately

Orly International Inc. (800) 322-ORLY

© 1989 Orly International Inc. Patent pending. All rights reserved.

Top labels are preferred by nation's shutterbugs

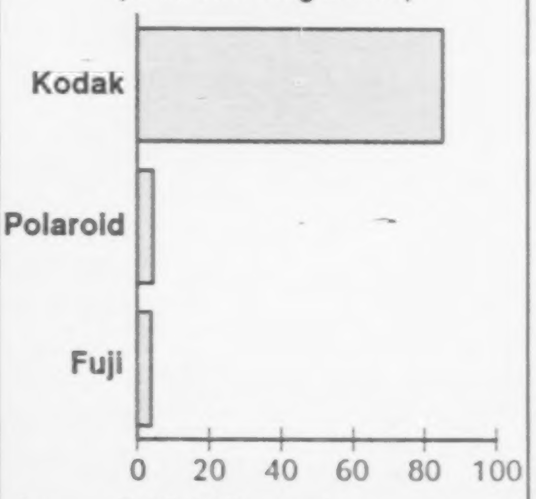
Among film buyers in *Drug Store News'* 1889 Consumer Brands Preference survey, 95 percent said they purchase a regular major brand — the highest score among all categories surveyed. And Kodak was overwhelmingly the brand preferred by consumers.

Indeed, Kodak shows no sign of losing its overwhelming franchise in drug stores in a year when Polaroid entered the 35mm film business for the first time, and the trend to 35mm photography in general built steam.

Kodak was named as the favorite brand by 85 percent of consumers. Fuji, which by some estimates has as much as 12 percent of market share in film, garnered just 4 percent of consumers' votes. Polaroid received 4 percent on the strength of its instant film; its OneFilm 35mm entry launched in April wasn't on shelves long enough to make an impact by mid-year when the survey was taken, industry sources agreee.

Consumers' favorite film brands

(% mentioning brand)



Source: Fairfield Research

Kodak was just as warmly embraced by store managers, who have benefitted from frequent full pricing on film, led by Kodak, and multi-pack promotions that have raised register tallies while keeping sales rolling. Of store managers, 86.7 percent said Kodak is their preference for leading brand honors.

With film merchandising there often seems to be a tug of war between quality and price. Amateur photographers want assurance the film they use will make the best possible picture, and they also want a film processing service that will faithfully preserve their efforts.

Yet, once satisfied on the quality issue, consumers have a great appetite for values. Thus film is one of the most actively promoted drug store categories. Hammered regularly in circulars, film is also become more prominent in accessible self-serve store displays, where chains will discount the top-moving speeds and fish for impulse sales.

Chains which have built consumer trust have had much success with private label film. Such in-house film accounted for nearly 15 percent of drug chains' film/photo circular advertising in the key summer and Christmas seasons last year.

Film is a year-round performer, with purchases not tied to the seasons. The key events which spur film sales are special events: the arrival of children in a family, when the photographer has purchased new or better camera equipment, and travel, recent surveys have found.

The rise of the point-and-shoot 35mm cameras has added fuel to the fire by providing amateurs with the quality of the 35mm format without the need to acquire extensive photography skills. Chains strengthen their photo business by selling these cameras at under $100 price points.

There's ample opportunity for high-margin sales once the store has built a value and quality image.

Continued on page 29

KODACOLOR Gold Film
KODACOLOR Gold Film

A dump bin advising shoppers to "buy now" suggests a value offer for film in this Smitty's food and drug store in Phoenix.

THE RUMORS ABOUT EAT 'N LOSE® ARE TRUE.

TRUE. Eat 'n Lose is a success. It's now the second leading meal replacement product. Our CCA Industries Annual Report for 1989 will have the good news. Eat 'n Lose sales made a significant contribution to one of our most successful years.

TRUE. Eat 'n Lose builds business. We believed Eat 'n Lose would be an important factor in expanding your diet aid sections and sales. And you proved it. That there's room for more than one product line to meet the immense market potential for meal replacement products.

TRUE. Eat 'n Lose is unique. The formulation was developed by Dr. Gio Batta Gori, founder and first Director of the Diet, Nutrition and Cancer Program of the National Cancer Institute. Our new Ultra Eat 'n Lose contains more vitamins and fiber than any other competitive product. Including stress formula vitamins and a patented blend of 7 natural fibers. And every Eat 'n Lose package contains another exclusive: a High Energy Exercise Program.

TRUE. Eat 'n Lose is growing. We're moving ahead in weight loss products with the most advanced nutritional formulations possible at highly competitive prices. New for 1990 will be line extensions from crunch snacks and nutrition bars to A-septic drinks and puddings. And we'll introduce a new breakthrough meal replacement formulation on nationwide TV.

FALSE. Any other rumors you may have heard about Eat 'n Lose.

Our thanks to all those retailers who plan-o-grammed and promoted Eat 'n Lose in 1989. And a "sorry about that" to those who gave in to pressure from our competitors and missed out. Next year, expand your diet section and sales.

Win with Eat 'n Lose in 1990.

Ultra
Eat 'n Lose
The Most Delicious, Natural Way To Lose Weight Fast
with Pep & Energy
$1.00
Thicker, More Delicious
Rich Chocolate
ULTRA: 2 Cans of Meal Replacement
BUY ONE GET ONE FREE
More Fiber and Protein And Vitamin Enriched
The Most Filling HIGHEST FIBER BLEND
Maximum Protein & Stress Vitamins
Creamy Smooth, Not Gritty Like The Other Brand
"Pep & Energy Plan for Health"
Weight Loss
Greatest Appetite Satisfaction for Greatest Weight Loss

CCA Industries, Inc.
200 Murray Hill Parkway
East Rutherford, NJ 07073
Phone (201) 330-1400
Toll Free (800) 524-2720
Fax (201) 935-0675

FILM PROCESSING
K&B

The film processing drop-off counter is highlighted by a ceiling sign over a front-of-store aisle in this K&B Drugs store.

Top labels preferred by nation's shutterbugs

Continued from page 27

Kodak can sell at a full price. The price point for a three-pack, for example, will typically be $2 more than Fuji, according to chain drug buyers.

The consumer survey supports this, as price was named by only 11 percent as a reason for making a purchase. Brand attributes such as "trust" and "good past experience" were much more important, as was simple "habit."

Drug chains have performed better than anyone in exploiting consumers' quality concerns by building their image of expertise, and emphasizing the processing side. A 1988 consumer preference survey by the Photo Marketing Association found that 43 percent of consumers polled named drug stores as the preferred source for photofinishing. In a survey that gave multiple responses, discount stores came in a distance second with 27 percent.

Kodak scored big in drug stores this year with its "ColorKins" promotion in which consumers who purchased Kodak items accrued points that they used to qualify for four stuffed animals. "I've never seen such [store] support in advertising and display," noted an observer.

Consumers were won over by the stuffed animals. The stores had the chance to bundle Kodak products such as a camera (worth ten points), and camera batteries (one point) and film (one point per roll).

Multipacks are a continuing source of retailer enrichment, and a top Kodak seller this year was its discounted three-pack with 12 free exposures.

Despite the excitement over 35mm photography, the Kodak brand, particularly in drug stores, also captures a high percentage of sales in disc and 110 format film. These formats still account for as much as 25 percent to 30 percent of drug stores' film business, as consumers in some cases continue to get mileage out of older cameras whose styles are no longer in production.

The Photo Marketing Association found in 1989 survey that while 58.6 percent of households used 35mm film, 35.7 percent used 110, and 19.7 percent used disc.

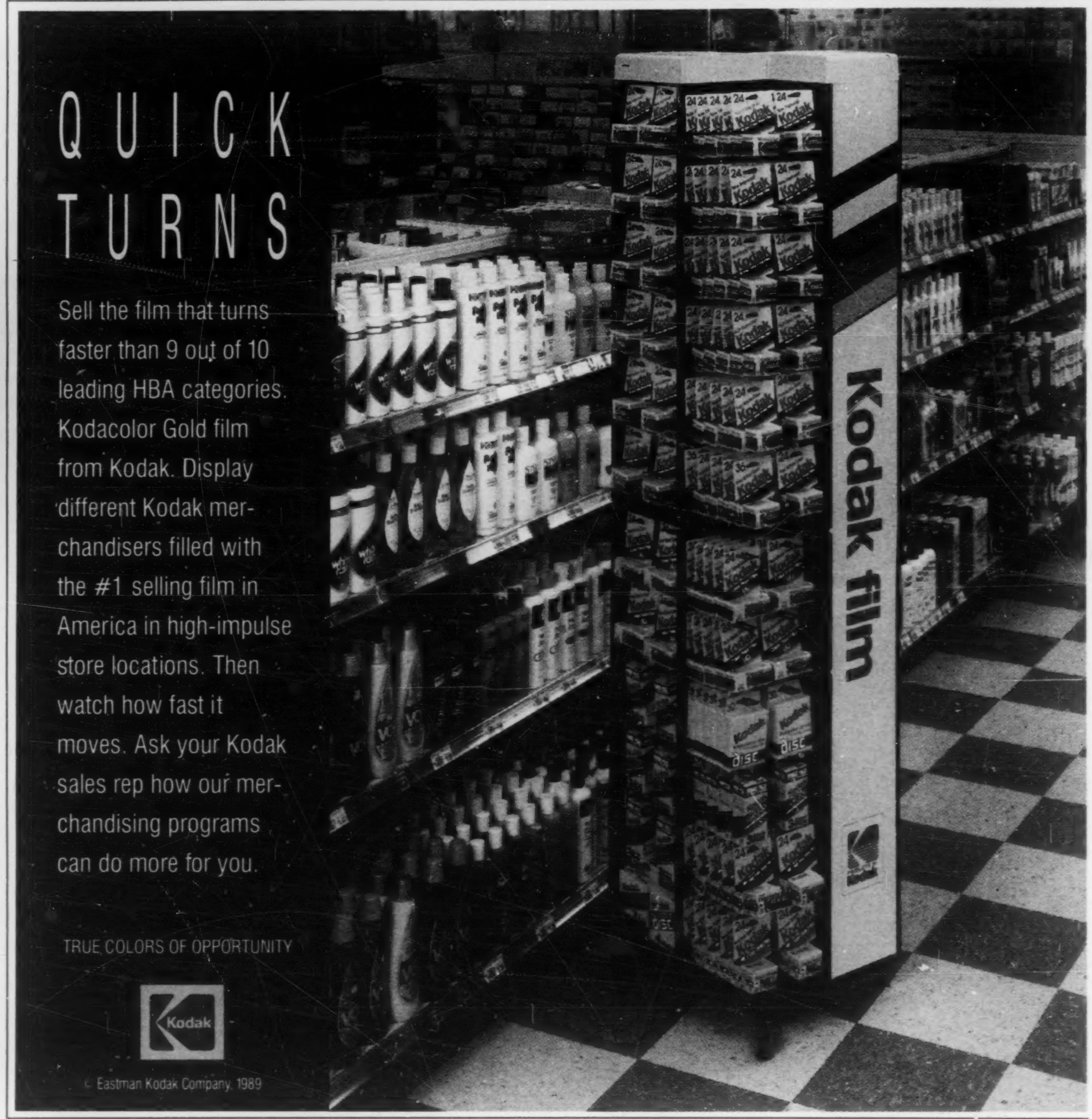
Chain buyers expect film to provide steady growth ahead. Almost two-thirds of film buyers are women, the major class of drug store shopper. Perhaps more importantly, Americans who own cameras continue to use them. The PMA reported last year that virtually all of the 92 percent of U.S. households that own a camera purchased film over the previous 12 months.

Store managers' brand preferences: film

(% mentioning brand)

Kodak	**86.7%**
Polaroid	**7.5**
Fuji	**4.2**

Source: Alert Marketing, Inc.


QUICK TURNS

Sell the film that turns faster than 9 out of 10 leading HBA categories. Kodacolor Gold film from Kodak. Display different Kodak merchandisers filled with the #1 selling film in America in high-impulse store locations. Then watch how fast it moves. Ask your Kodak sales rep how our merchandising programs can do more for you.

TRUE COLORS OF OPPORTUNITY

Kodak

© Eastman Kodak Company, 1989

Cellebrities

A Full Line of Performers From Panasonic.

Announcing the all-star cast of batteries for every consumer use. Brought to you by Panasonic.
For when the show has to go on... And on. The most complete line in the business. And the selling power of the Panasonic name appeals to more lifestyles than just the rich and famous. When you want the best selection for your customers, stock Panasonic.

The Power Behind the Name. Panasonic Batteries.

Call our Battery Hotline at 201-392-4675 for more information.

Panasonic
Industrial Company
BATTERY SALES DIVISION

Alkaline • Rechargeable • Lithium • Heavy Duty • General Purpose • Photo • Watch • Hearing Aid

Shades, packaging influence purchases of color cosmetics

Lip, eye and face makeups are all considered "fashion" categories, categories that help women realize their most cherished fantasies, so you would expect that women would be much more experimental, switching their favorite cosmetic brands almost as often as they switch shades.

However, our consumer brand survey found that was not the case.

Just two out of 10 women will switch from her favorite brand.

For brand shifters, the strongest incentives were price and, even more important, color and packaging.

Packaging and colors

Women can be lured by a bargain in the fashion categories, but they're even more susceptible to pretty colors and packaging. The companies that make the brands with the strongest consumer loyalties in the survey, Revlon, Maybelline, and Cover Girl, are all very careful about their packaging. Each of these lines has packaging that pops off the shelf, and their product managers do outstanding jobs with promotional packages and pre-packs.

Yet while superior packaging or a good price/value relationship will help induce a trial sale, consumers who use lip, eye and facial makeups are looking for a name they can commit to.

Store managers' brand prefernces: nail color/polish

Revlon	45%
L'Oréal	15
Cutex	9

Source: Alert Marketing, Inc.

Store managers' brand preferences: lip, eye or face make-up

Cover Girl	31%
Maybelline	28
Revlon	23

Source: Alert Marketing, Inc.

They want to be brand-loyal shoppers because they want to feel sure that when they use a lipstick or a face makeup, it will be right for them. And to feel that sense of security, women have to trust the brands they buy.

Product benefits are not really an issue with this consumer. Women don't have to be sold on lip, eye or face makeups. They know these products have benefits for them. The question they have to settle is which brand to buy.

The amount of advertising women are exposed to, as well as their familiarity with the line's name and with the product's accessibility, all have a lot to do with the choice they finally make, as one would expect.

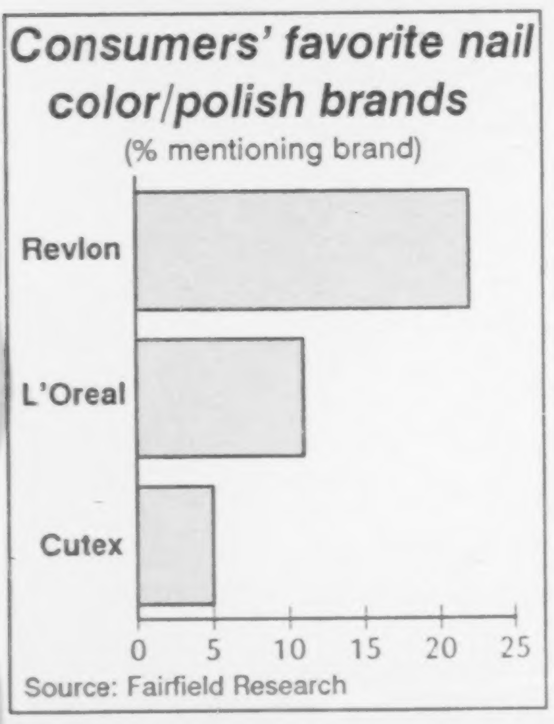
Names like Maybelline, Revlon and Cover Girl have been around for years, and they have long ago become names that women felt they could trust.

Among the three, Revlon is the least available on the mass market, being still primarily a prestige line whose distribution is basically limited to drug and department stores. But the Revlon name and its cosmetic heritage is so well established and so carefully cultivated by marketers that its position of dominance in the popular mind or the mass market is assured.

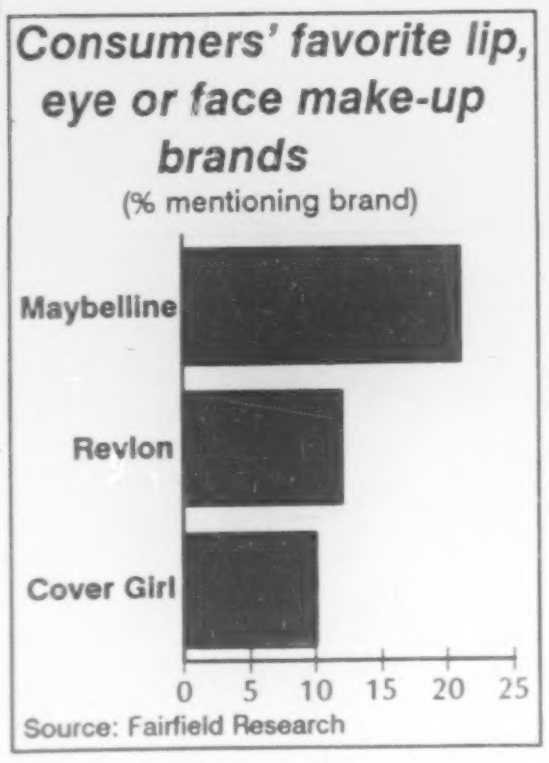
Maybelline is particularly strong in the eye category, especially among heavy users of mascara and eye shadow products. Both Maybelline and Cover Girl still have a strong following with young women, especially teens and preteens. Revlon is the brand they often move to as they get older.

Our findings suggest that while brand-loyal shoppers will probably stock up when a retailer promotes or advertises these lines, the ad may not be as successful in inducing new users to try the line. Only 2 percent of our sample said they'd buy a brand because it was on sale.

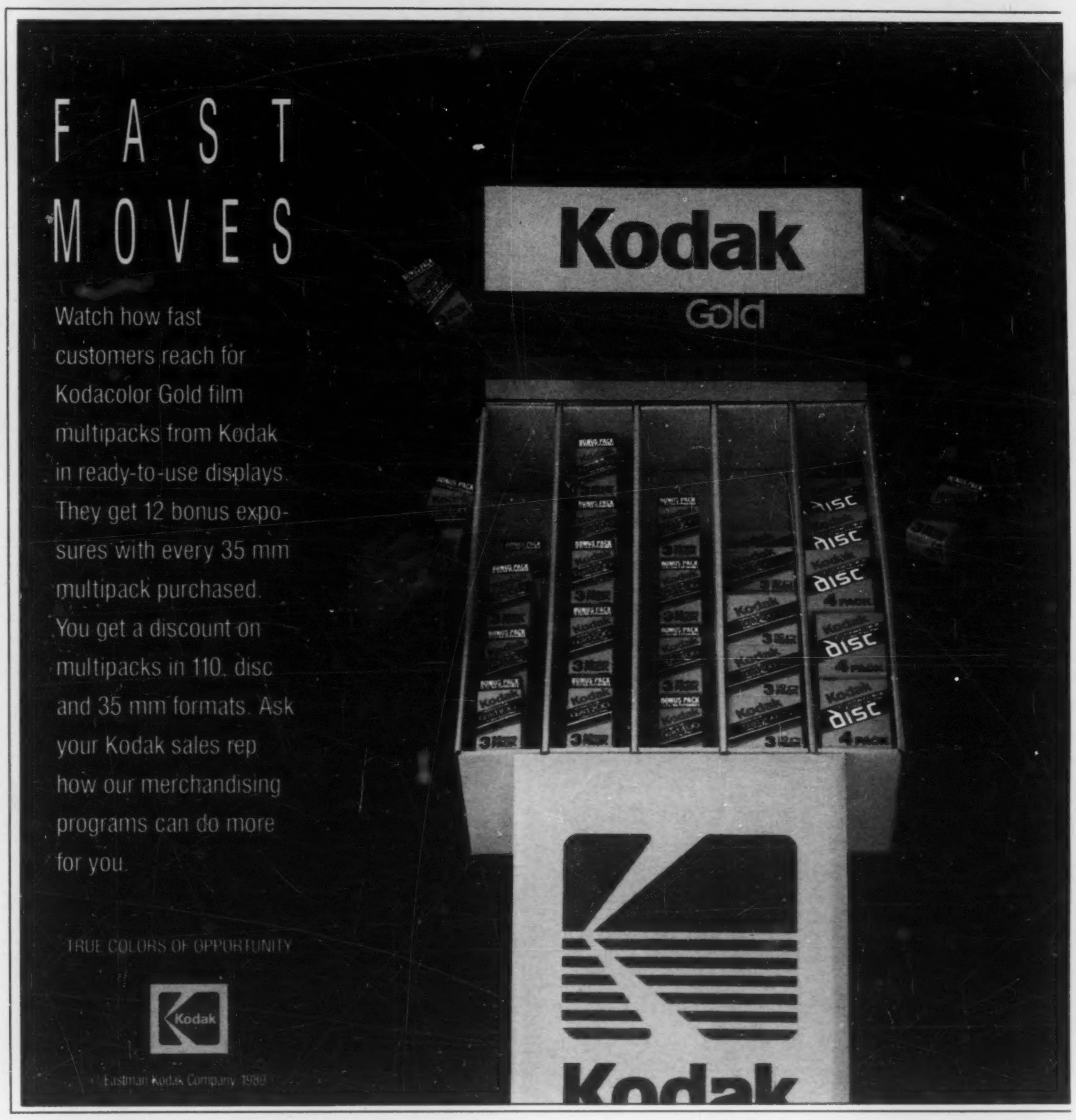
Retailers who want to get brand-loyal shoppers to develop a second preference, a sort of "wardrobe" of brand favorites, should work with manufacturers to create promotions that would develop trust in the brands being advertised.


Consumers' favorite nail color/polish brands
(% mentioning brand)

Source: Fairfield Research


Consumers' favorite lip, eye or face make-up brands
(% mentioning brand)

Source: Fairfield Research


FAST MOVES

Watch how fast customers reach for Kodacolor Gold film multipacks from Kodak in ready-to-use displays. They get 12 bonus exposures with every 35 mm multipack purchased. You get a discount on multipacks in 110, disc and 35 mm formats. Ask your Kodak sales rep how our merchandising programs can do more for you.

TRUE COLORS OF OPPORTUNITY

Kodak

Eastman Kodak Company 1989

CARNATION COMPANY
NOTICE TO THE TRADE

Carnation Company consistently and regularly offers various promotional and merchandising programs available to and usable by all retailers regardless of size. These include allowances for newspaper, handbill and media features, displays and other consumer directed programs. Line extension and product introductory allowances are also available.

Payment is made on adequate proof of performance furnished by retailers or their representatives.

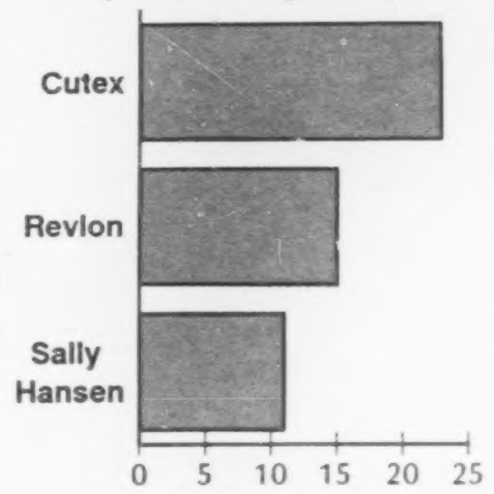
If you would like to receive specific information on offers available to you, send your name, address and telephone number to Carnation Company, Attention: Sales Department, 5045 Wilshire Boulevard, Los Angeles, California 90036.

If you wish to be placed on our mailing list for notification of available offers, please advise our Sales Department.

Nail care items: Consumers try it, like it & stick to it

Consumer's' favorite nail treatment brands

(% mentioning brand)



Source: Fairfield Research

When consumers find something that works, they stick with it, especially in remedial and fashion categories like nail treatments and nail polish.

Just 10 percent of all women who use nail treatment products will shift brands, and that is primarily because it seems to take women months, even years, to find a nail treatment product that works for them.

Among treatment users, "good past experiences" is what keeps them loyal to a brand. Twenty-six percent of our treatment users gave this response, and another 21 percent said they had a favorite because they trusted the brand.

Among treatment brands, Cutex, which has a solid reputation based on the success of its polish remover products, has the largest consumer following. Twenty-three percent picked Cutex as their favorite brand for treatments and miscellaneous nail care items.

Revlon, which has an especially strong franchise with polish users, was the second most frequently preferred treatment brand. Consumers also respect Revlon for its innovation and break-through formulas, many of which have recently been in the treatment categories.

Sally Hansen was the third most often preferred treatment brand.

Sally Hansen has done an outstanding job educating consumer about the treatment benefits of their brand, and the line also has a reputation for delivering what the ads promised.

Store managers pretty much agreed with these assessments. They also picked these three lines, and their reasoning was simple: "They sold the best."

In the nail color/nail polish category, we also encountered a strong loyalty factor among consumers. Only 23 percent said they would be willing to switch from their favorite color brand.

However, unlike nail treatment users, nail color users can be tempted by price reductions or good sales values. Without risking any damage to nails or cuticles, color users feel freer to experiment when a good sale presents itself.

Color and polish

Among color and polish users, Revlon is a strong favorite, named as the preferred brand by 22 percent of our respondents. In addition to its extensive advertising in this category, Revlon has a name that most consumers respect, and polish users obviously have a high degree of trust in that name.

However, L'Oréal has also done an excellent job of positioning its color lines as premium products, comparable in quality and performance to more expensive department store lines.

Store managers' brand preferences: nail treatments

Cutex	41%
Revlon	26
Sally Hansen	18

Source: Alert Marketing, Inc.

For the more value-conscious shopper who still insists on quality, Maybelline, Cutex, Cover Girl and Sally Hansen have all successfully positioned themselves as viable alternatives.

Store managers agree with that assessment. They picked Revlon, L'Oréal and Cutex as top lines, with Sally Hansen and Maybelline also cited. They said they felt customers liked these lines best because of their large assortments.

Among nail color users, price is a somewhat important factor in motivating a purchase. Nineteen percent of our respondents said they selected their favorite brand on the basis of price. However, trust was also important here in establishing a preference and so was positive past experiences.

Color was also extremely important here. If a line can't deliver the right selections, it won't stay a favorite for long. Twenty-eight percent of all users said they bought a brand because they liked the color.

Display promotions

It was surprising, considering how often retailers display nail color pre-packs on end-caps and counters, that just 2 percent of all consumers said they bought a brand because they saw it in a display.

Possibly consumers regard color pre-packs as just another store location. Or the pre-packs lead them to the wall to look for other colors.

For 65 million callers, every public phone is now an AT&T phone.

1 0 OPER + A T T + 0 OPER

Sixty-five million people choose AT&T every day. That's a lot of potential business if your public phone has AT&T Long Distance Service. That's a lot of lost business if it doesn't.

And that's especially true now that AT&T has launched a multimillion dollar advertising and direct-mail campaign educating consumers about its simple access code—a code that assures AT&T Long Distance Service no matter which long distance company the public phone carries. That means if you haven't chosen AT&T, all those callers can now dial around you.

And who can blame them? They've come to trust the uncompromising sound quality, the friendly, efficient operators, and the fast, worldwide connections that AT&T guarantees. Enough so that they're willing to seek out AT&T, and remember a few simple numbers to avoid any "surprises."

Every day, sixty-five million callers choose AT&T. Those numbers are convincing proof that you should do the same.

If you need more information, just call us at **1 800 KEEP-ATT, Ext. 1159.**

AT&T
The right choice.

©1989 AT&T

Women loyal to hair color brand, shampoo picks vary

Female drug store consumers polled in six major U.S. markets told *Drug Store News* about varying degrees of brand loyalty to the shampoos, hair coloring products and hair styling aids they use.

The strongest brand loyalty was expressed by hair color users: 93 percent of the sample said they would not buy another brand if their regular hair color brand was out of stock.

Women entering middle age are fueling the growth of the hair coloring segment in drug stores. Survey results reveal only 6 percent of the total respondents mentioned price as a factor of their favorite brand. Rather, 68 percent of the total sample looked to the brand's product attributes.

Store managers' brand preferences: hair color

(% mentioning brand)

Miss Clairol	48.3%
L'Oréal	20.8
Dark & Lovely	3.3

Source: Alert Marketing

Coloring favorites

Consumers chose Clairol as their favorite brand, followed by L'Oréal. Store managers mirrored consumers' hair color brand preferences in these selected markets. Among brand attributes, 20 percent of the total consumer sample said they chose their favorite brand because they liked its hair color shade and the packaging.

As the leading hair color brand, Clairol has built its image by spending over $100 million each year on promotions, advertising efforts and educational programs.

Store managers' brand preferences: hair styling aids/gels

(% mentioning brand)

L'Oréal/Studio Line	24.2%
Clairol condition	20.0
Aqua Net	16.7

Source: Alert Marketing

With the installation of Clairol's Shade Selector Computer in certain retail outlets, women can enter basic information and get a personalized brand and shade "prescription" to meet individual needs. This computerized aid to shoppers helps Clairol reinforce its category leadership.

However, *Drug Store News* reported that L'Oréal's Preference is growing at a stronger rate this year than last. Hair care buyers attributed this to the company's increased advertising of this product, suggesting women "are worth it." Carsons Products' Dark & Lovely rounded out the top three hair color products. Dark & Lovely is popular with blacks and Hispanics who want darker, richer hues for the 1990s.

Hair styling aids

Seventy percent of the consumer respondents are loyal to their favorite brand of hair styling aid/gel. In drug stores, hair sprays are surging again, while growth rates for gels and spritzes are starting to slow as these segments stabilize in sales. Mousse sales are still flat, but alcohol-free formulations and extra-holding mousse formulations are doing better than the category as a whole.

This year consumers chose Clairol condition* as their favorite brand, followed by Aqua Net, Final Net and L'Oréal.

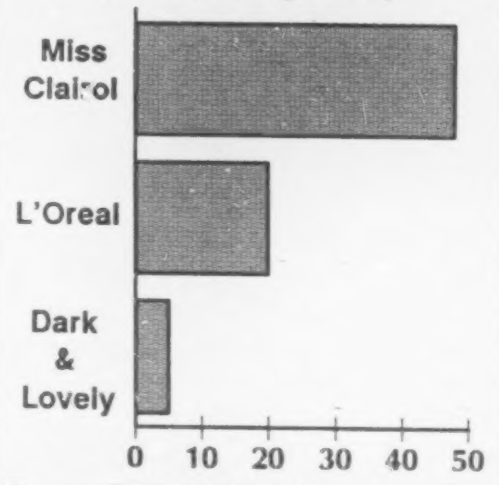
In comparison, store managers ranked L'Oréal as the top hair-styling aid brand, followed by Clairol condition* and Aqua Net.

This year's trend was to softer, less sculpted hair styles — those that have more volume and add body —

Continued on page 40

Consumers' favorite hair color brands

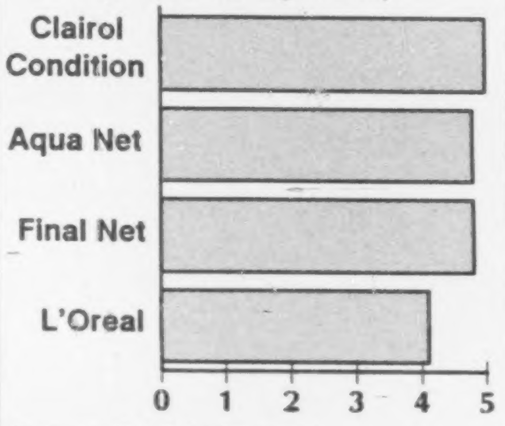
(% mentioning brand)



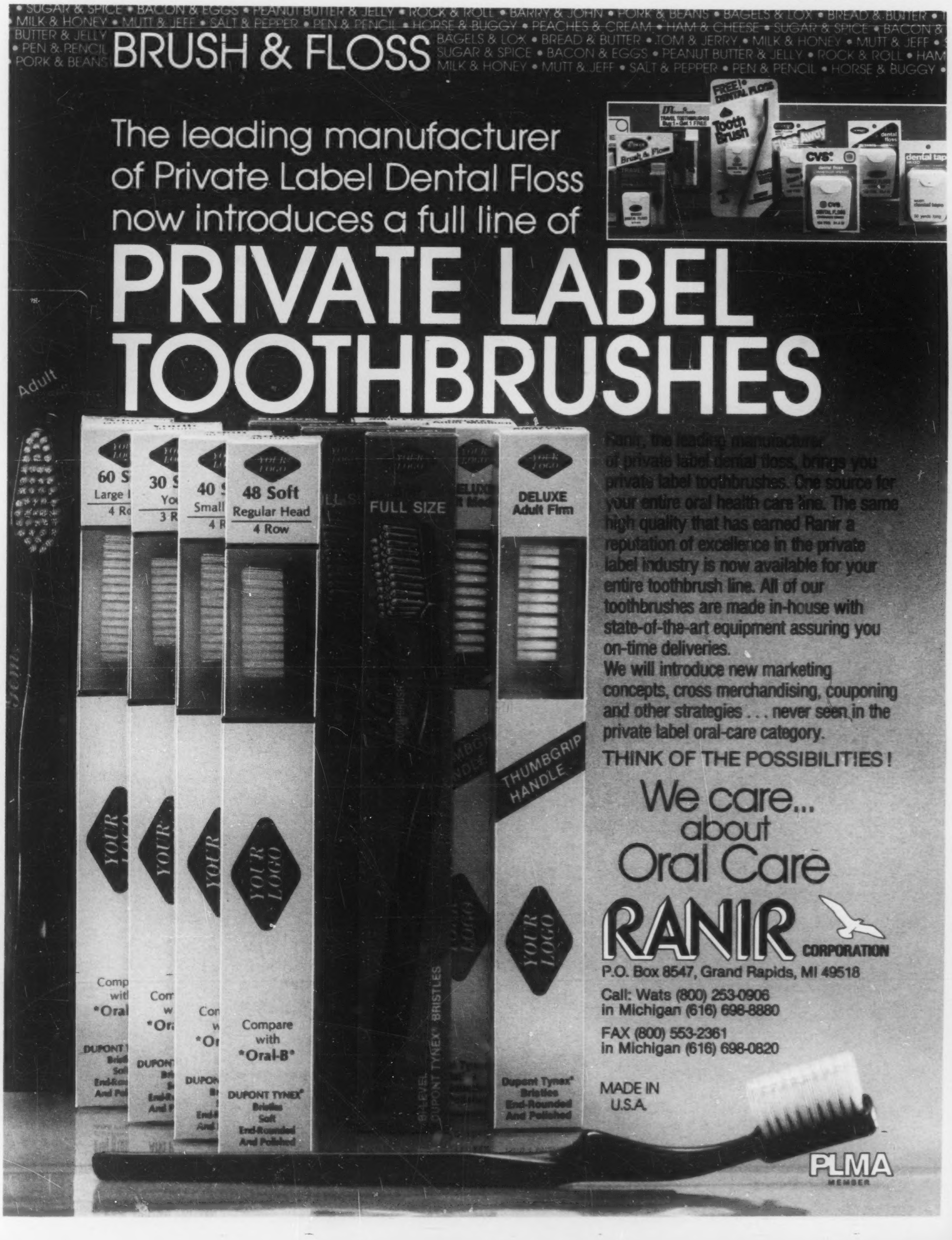
Source: Fairfield Research

Consumers' favorite hairstyling aids/ gel brands

(% mentioning brand)



Source: Fairfield Research



• SUGAR & SPICE • BACON & EGGS • PEANUT BUTTER & JELLY • ROCK & ROLL • BARRY & JOHN • PORK & BEANS • BAGELS & LOX • BREAD & BUTTER •
MILK & HONEY • MUTT & JEFF • SALT & PEPPER • PEN & PENCIL • HORSE & BUGGY • PEACHES & CREAM • HAM & CHEESE • SUGAR & SPICE • BACON &
BUTTER & JELLY • PEN & PENCIL PORK & BEANS

BRUSH & FLOSS

BAGELS & LOX • BREAD & BUTTER • TOM & JERRY • MILK & HONEY • MUTT & JEFF •
SUGAR & SPICE • BACON & EGGS • PEANUT BUTTER & JELLY • ROCK & ROLL • HAM
MILK & HONEY • MUTT & JEFF • SALT & PEPPER • PEN & PENCIL • HORSE & BUGGY •

The leading manufacturer of Private Label Dental Floss now introduces a full line of

PRIVATE LABEL TOOTHBRUSHES

Ranir, the leading manufacturer of private label dental floss, brings you private label toothbrushes. One source for your entire oral health care line. The same high quality that has earned Ranir a reputation of excellence in the private label industry is now available for your entire toothbrush line. All of our toothbrushes are made in-house with state-of-the-art equipment assuring you on-time deliveries.
We will introduce new marketing concepts, cross merchandising, couponing and other strategies . . . never seen in the private label oral-care category.

THINK OF THE POSSIBILITIES!

We care... about Oral Care

RANIR CORPORATION
P.O. Box 8547, Grand Rapids, MI 49518

Call: Wats (800) 253-0906
in Michigan (616) 698-8880

FAX (800) 553-2361
in Michigan (616) 698-0820

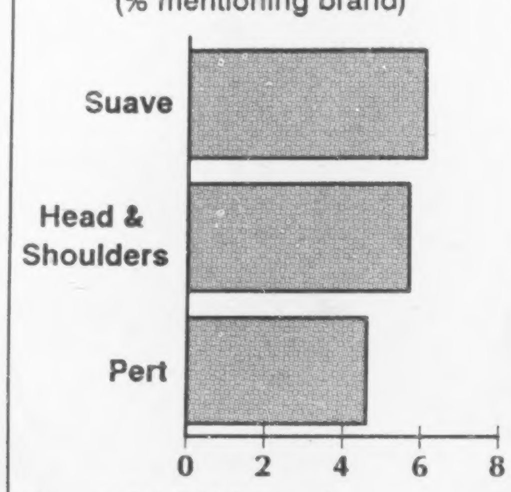
MADE IN U.S.A.

PLMA MEMBER

Women stand by hair coloring, shampoo picks mixed

Consumers' favorite shampoo brands

(% mentioning brand)



Source: Fairfield Research

Continued from page 37

and most of the top brands have recently introduced extensions to their lines to capitalize on this look.

For example, Clairol recently introduced a Maximum Hold SKU to its condition* gel. Faberge introduced four new formulas to its Aqua Net Hair Spray line in the third quarter of 1989, preceded in the second quarter by the introduction of Extra Super Hold, Unscented, Super Hold, and Pro-Spritz Aqua Net. L'Oréal Free Hold was repackaged in the third quarter of 1989 and included a new applicator that spreads the product evenly without stiffness or stickiness. An extra volume formula was also introduced.

Shampoo

Shampoo buyers were the least brand loyal in the hair care segment of the survey. Only 61 percent are brand loyal to their favorite shampoo brand, which, in descending order, were Suave by Helene Curtis, Head & Shoulders and Pert, both by Procter & Gamble.

Among regular brand buyers, 26 percent said they buy a regular shampoo brand because they've had good past experience with it and it's a brand they trust.

Because of the vast number of SKUs in this segment, 19 percent of the sample indicated a smattering of other shampoo brands as their favorite. In fact, based on *Drug Store News*' research of new shampoo launches, more than 20 new shampoo products and line extensions of established brands were introduced to the drug trade during the third and fourth quarters of 1989.

Another 23 percent of those polled said they don't have a regular brand. These "shifters" mentioned the lowest-priced brand and sale-priced shampoos as a major purchasing factor.

Price difference

Interestingly, consumers chose lower- to moderately-priced lines as their favorite brands, while store managers included premium-priced prestige brands such as Finesse and Pantene.

The brands consumers chose, however, are heavily advertised, and one, Head & Shoulders, has a distinctive marketing niche and is the leader in its category. Procter & Gamble recently introduced Head & Shoulders Dry Scalp formula, and will widen that niche, as this shampoo is the only product positioned to treat dry scalp.

Store managers' brand preferences: shampoo

(% mentioning brand)

Suave	18.3%
Finesse	15.0
Pantene	12.5

Source: Alert Marketing

Finesse and Pantene are part of the premium segment of the shampoo category that is currently enjoying a growth surge in drug stores. Women today are willing to pay for quality in their hair products, and a vast majority of them perceive the quality of this premium segment consistent with professional salon brands.

Category growth

The growth in the shampoo category is attributed to the professional salon brands, the premium lines and the budget lines. With the constant proliferation of new products across these segments, retailers are constantly eliminating slow-movers while expanding their shampoo sections to make room for new products.

Even though the amount of space retailers devote to the shampoo segment varies, Nielsen figures report that in 1989 chain drug stores on average devoted 67 linear feet to shampoo, while high-volume independents (those with an annual sales volume of $500,000 or more) gave 27 linear feet to the department. Chain stores increased this space by four feet from last year, while independents this year decreased shampoo space by three feet.

INCREASE YOUR MARKETING LEVERAGE WITH NEW PRODUCT INTELLIGENCE

We've been helping clients improve their odds for marketing success since 1968 by providing competitive insight and direction drawn from comprehensive monitoring and analysis of packaged goods introductions in the United States and worldwide.

We'll help your company:

* Spot competitive threats
* Generate ideas for new products
* Track new product trends
* Identify market gaps and opportunities
* Find promising acquisition and licensing targets
* Delineate emerging consumer interests

We can tailor an intelligence program for your company's needs from the broadest and best integrated range of services available anywhere including:

* Productscan® the online database of new products
* Customscan® custom computer generated new product analyses and reports
* A choice of ten new product publications
* International Innovation Searches
* Product Sample Service

More and more marketers are finding that an investment in new product intelligence from Marketing Intelligence Service can show multiple returns.

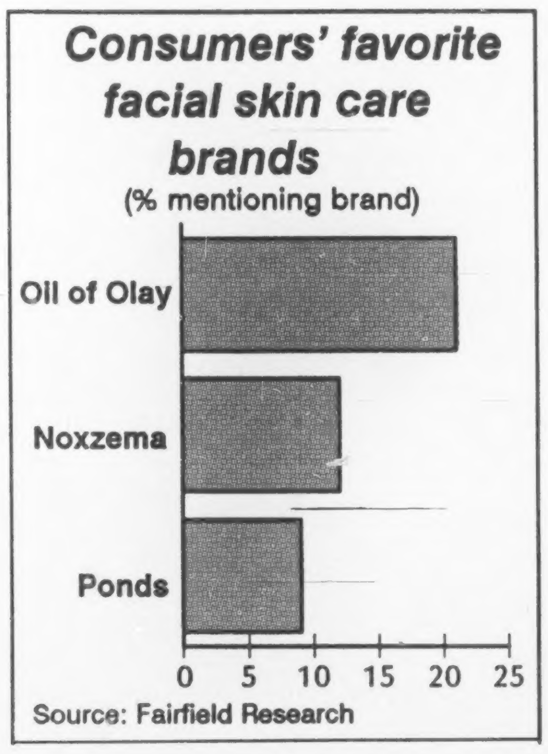
* A major health care marketer spots an overseas product that triggers development of a U.S. brand, one of the first to generate mass market interest in a "natural" positioning.
* A health care marketer abandons a potential acquisition when reports reveal more introductions in the field than were known and the absence of a ground floor opportunity.
* A snack food marketer sees an idea from a small regional U.S. entry than can be developed into a potentially radical approach to microwave packaging.

If your company could benefit from the leverage of new product intelligence, please contact Richard Lawrence, President, to discuss our range of services.

MI
Marketing Intelligence Service Ltd.

Marketing Intelligence Service, Ltd. 33 Academy Street Naples, NY 14512 (716) 374-6326

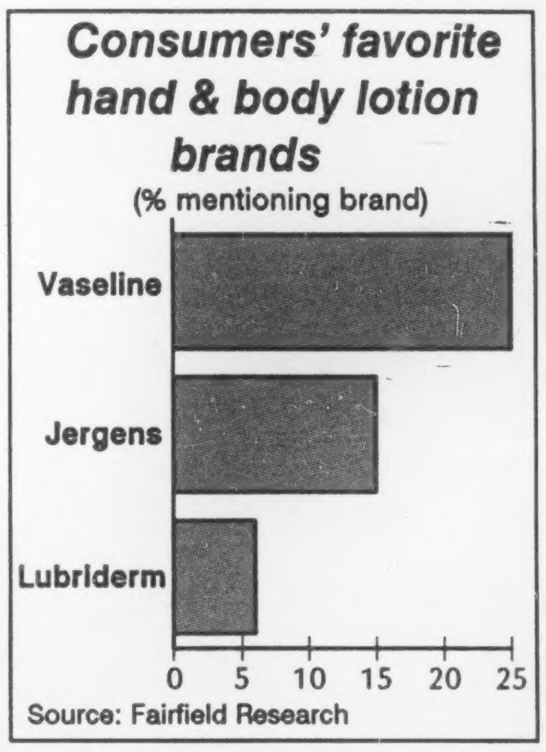
PEACE ON EARTH
HERPECIN-L®
Cold Sore Lip Balm. "It Works!"
Write: CAMPBELL LABORATORIES, INC.
P.O. Box 812-A, FDR, NY, NY 10150



Consumers' favorite facial skin care brands

(% mentioning brand)

Source: Fairfield Research



Consumers' favorite hand & body lotion brands

(% mentioning brand)

Source: Fairfield Research

Brand loyalty running very high among skin care product users

Eighty-six percent of all people who buy a face, hand or body lotion report they have a favorite brand they normally purchase.

As one would expect, the loyalty factor is much higher for skin care product users than it is for fashion categories like lipsticks or nail polish.

Women are much more prudent when they buy a skin care product. They want to feel confident that the brand will perform as promised, and will not irritate or redden their skin.

Among those polled who bought facial skin care products, 75 percent regularly buy a major brand. Only 11 percent shifted brands.

With the loyalty factor so high, only 6 percent of skin care buyers can be tempted by price reductions.

Brand shifters were most likely to try a brand because it was new: 10 percent vs. 1 percent of the entire sample.

Not too many skin care buyers seem to notice any major differences in product benefits. Skin care buyers seem to take it for granted that all brands in the category deliver the benefits promised, but feel their favorite brand simply does it better than the rest.

The best-advertised skin care brand to date is Oil of Olay, and 12 percent of all skin care users picked Olay as their favorite facial skin care product. Runners-up Noxzema, Ponds and Neutrogena are all strongly supported by advertising and promotional campaigns.

Of all the facial skin care brands, Olay has done the best job of positioning itself as effective, but also as easy and pleasant to use. It also has habit on its side, since many women grew up with Olay on their mother's vanities.

Store managers' brand preference: facial skin care

(% mentioning brand)

Oil of Olay	42%
Neutrogena	17
Noxzema	14

Source: Alert Marketing, Inc.

Seventy-two percent of all hand and body lotion users said they chose a brand because they trusted it, habit or good past experiences; 14 percent mentioned price as a factor. Twenty-four percent of all brand shifters said low or sale prices did influence them; this was also the case with six out of 10 consumers who said they had no brand preferences.

Vaseline Intensive Care is the category leader in advertising expenditures, and it has also been a staple on the market for many years.

Store managers' brand preferences: hand & body lotion

(% mentioning brand)

Vaseline Intensive Care	57%
Lubriderm	13
Keri	8

Source: Alert Marketing, Inc.

Lubriderm has been able to carve a niche for itself through clever positioning. It is the leading therapeutic skin care brand; women may pay a little more for it, but they feel they are getting additional moisturizing benefits. Lubriderm is thought of by women as just as effective doing double duty as a facial moisturizer.

When was the last time you checked our oil?

Havoline
Motor Oil
10W-30
Performance Proven
Helps Keep Engines Clean
1 U.S. QUART
0.946 LITER
Havoline
Superior Grade
Motor Oil
10W-30
Turbo Tested
Performance Proven
1 U.S. QUART
0.946 LITER

Check out the newest Havoline. This product replaces Havoline Supreme. It's got a new name, a new label and a new formula—it offers upgraded SG protection that fights sludge, too. It's beyond Supreme—it's new Havoline Motor Oil.

More Protection.

The only thing we changed about our top of the line is its label. Havoline Superior Grade continues to offer the turbo-tested, racetrack-proven protection that purists and auto enthusiasts insist on. Our best-engineered oil, it's scientifically formulated to virtually eliminate performance-robbing sludge.

More Protection Than You'll Ever Need.

Texaco Lubricants Company
North America
A Division of Texaco Refining and Marketing Inc.

PAIX SUR LA TERRE
HERPECIN-L®
Cold Sore Lip Balm. *"It Works!"*
Write: CAMPBELL LABORATORIES, INC.
P.O. Box 812-A, FDR, NY, NY 10150

Not getting 'burned' big reason behind sun care buys

Suntan lotion and sun block users in *Drug Store News*' Brand Preference Study most often cited good past experience, trust and simply liking the item — sometimes for its smell or packaging — as reasons for picking the sun care product they last bought.

These reasons seem ironic, given the heavy emphasis sun care-product marketers put on protection, SPFs, formulas for sensitive skin and the like. While only 1 to 2 percent of regular-brand buyers mentioned such benefits, SPFs and protection did matter more in the buying decision of brand shifters and consumers with no regular brand, who also were more likely to purchase an item because it was new and they wanted to try it.

Only respondents with no regular brand were especially swayed by price: About four in 10 of them said low price or a sale influenced what sun care product they bought.

However, the study also found a high degree of brand loyalty among sun care customers. Whereas 71 percent of the total sample said they had a regular brand (a rather low percentage with a favored brand, compared with the other 20 categories surveyed), only 17 percent of that group said they would switch brands if their favorite wasn't in stock. That's a comparatively low percentage of switchers.

Consumers in our study may be reflecting a certain imperviousness to marketing messages when faced with the proliferation of products and forms in this category, which retailers say is confusing to them, as well as to their customers. Consider: Forms of sun care products include oils, gelees, creams, sticks, sprays, lotions, zincs, towelettes and sponges; and functions include high SPFs, children's items, sensitive-skin products, broad-spectrum items, photo-aging protection, pre-sun and after-sun. As one buyer put it, "I look at the [SPF] 25s and the 30s and I think, what's the difference between them? What do I need?"

Store managers' brand preferences: sun

Coppertone	52%
Bain de Soleil	17
Hawaiian Tropic	13

Source: Alert Marketing, Inc.

Growing concern

But there undoubtedly has been a growing concern in the past few years over tanning too much or too fast: Consumers increasingly want products that block the ultraviolet rays that are most likely to cause sunburn or lead to skin cancer, and they're more aware of the sun's drying and aging effects on the skin. The concern over protection helps explain why the category's strongest growth is in the higher-SPF segment, with SPF 15 the best-selling SKU.

While the biggest growth has been in high-SPF products, tanning products are still the larger segment of the sun care category, accounting for more than half of skin care sales. According to *Drug Store News*' latest estimates, the suntan segment's total sales in drug chains reached $100.3 million, and sun protection sales were about $91.7 million for 1988. Tanning products still appeal especially to high school and college students, but merchandisers predict the sun protection segment will equal suntan-segment sales next year.

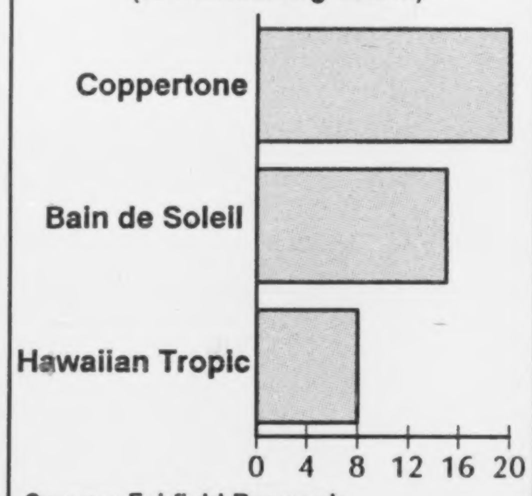
This year, consumers appear to be cutting through the clutter, because buyers are beginning to discern best-selling lines, enabling them to start thinning out their selection to a few top items. Some buyers are looking to pare the very low SPFs (0-4), which they're sensing consumers are moving away from. In our study, consumers' top choices were Coppertone, Bain de Soleil and Hawaiian Tropic, in that order of preference, and store managers' rankings, in a separate poll, agreed. Coppertone perhaps has an added advantage in having high name recognition gained through longevity.

Year-round category

More and more, large drug chains are viewing sun care as a year-round category and thinking of permanent displays for the faster moving brands, to accommodate the increasing numbers of people who travel, seek the sun for vacations, or ski.

Consumers' favorite suntan lotion/ block brands

(% mentioning brand)



Source: Fairfield Research

Better merchandising of the category, through co-op advertising and year-round category presentations, is helping to boost sun care sales. Manufacturers and retailers are trying to improve displays, packaging and consumer education, in an effort to organize the category better and to help customers sort through various products' benefits to find the best item for them.

Such efforts should pay off, in light of surveys like ours, which show that once a consumer is satisfied with a sun care product, he or she will stick with it, reinforced by concern about protection and preservation of healthy skin.

FRIEDE AUF ERDEN
HERPECIN-L®
Cold Sore Lip Balm. "It Works!"
Write: CAMPBELL LABORATORIES, INC.
P.O. Box 812-A, FDR, NY, NY 10150

PROCTER & GAMBLE
NOTICE TO OUR CUSTOMERS

ATTENTION STORE MANAGER:

We offer Cooperative Merchandising Agreements to all retailers in the U.S.A. Some Agreements are annual—some are short-term.

Payments are made for print or electronic media featuring, display, and consumer-directed promotion. Product coupons and samples are distributed in stores in various markets at various times. Details are set forth in specific Agreements. Proof of performance (e.g., tear sheets) and proof of delivery (wholesalers' invoices) are required for some offers. Also, we offer display material, newspaper proofs, etc., to assist you in merchandising our brands.

The above promotional offers are practical and usable by all retailers regardless of size. You may now be performing under an Agreement and payments are being made to you or to your headquarters. Reduced price allowances are also offered periodically to retailers for special purchase or distribution.

If you are not performing or receiving such promotional offers and would like to, send your name, address and telephone number to Procter & Gamble, Box 162, Cincinnati, Ohio 45201 and our sales representative will contact you. Please specify, if possible, the Company Division in whose brands you are interested.

Bar Soap & Household Cleaning Products Division
Beauty Care Division
Beverage Division
Food Products Division
Health & Personal Care Division
Packaged Soap & Detergent Division
Paper Products Division
Richardson-Vicks U.S.A. Health Care Products Division
Richardson-Vicks U.S.A. Personal Care Products Division
Vidal Sassoon

© 1989 Procter & Gamble Co.

WHERE THE BEST COMES TO LIGHT™

SYLVANIA
Long Life White
100
Decor Life 60
SYLVANIA
IMPROVED RELIABILITY
4 Soft White Bulbs
60
SYLVANIA
GTE
Soft White
Energy Pincher
100
SYLVANIA
Reflector Flood
SYLVANIA
3WAY 50 100 150

SYLVANIA GTE

BURNS & ASSOCIATES
THE DYNAMIC ALTERNATIVE!
How dynamic?
Let the sales strength of Burns and Associates work for your company. From Health & Beauty aids, Cosmetics to OTC Pharmaceuticals, Burns and Associates services and sells to all major drug, grocery and mass merchandise retailers and wholesalers in the thirteen midwestern states.
GET IMMEDIATE PRODUCT DISTRIBUTION, CALL...
BURNS & ASSOCIATES
10600 W. Higgins Rd. ■ Suite 402 ■ Rosemont, IL 60018
(312) 699-0535
MEMBER
NAGMR
NACDS

1989
Nielsen Annual Review

Thrift store of the future at Glenshaw, Pa.

of
Retail Drug Store Trends

Published in conjunction with *Drug Store News*

For the first half of 1989, retail drug stores outperformed the total U.S. retail market, Nielsen Marketing Research shows.

While total U.S. retail sales were up 5 percent to $814 billion for the first half, retail drug store sales increased 8 percent to $30.8 billion during the same period.

Chain drug stores once again outshone independents in the first half. Total chain sales rose 10 percent, compared to 6 percent for independents.

However, larger independents, with sales of $500,000 or more per store, showed strong sales gains — up 12 percent for the first half compared to last year.

Contents

I: The Economic Environment . . p. 52
II: Retail Drug Store Sales . . . . p. 54
III: HBA Sales Trends . . . . p. 55
IV: HBA Inventory Trends . . . . . p. 56
V: Space Allocations . . . . p. 58
VI: Drug Store Merchandising . . p. 60

Nielsen Marketing Research would like to thank the staff of *Drug Store News* for their assistance in assembling this review for their Dec. 11, 1989 issue.

Continued on page 52

NIELSEN REPORT:

THE ECONOMIC ENVIRONMENT

Continued from page 51

While drug stores are doing well in terms of overall sales, their health and beauty aid sales for the first half were weaker than in the same period last year. This weakness is partly due to intensified competition from discounters and mass merchandisers.

During the first six months of this year, drug stores increased their dollar sales of select H&BA products by 4 percent. On the other hand, H&BA sales were up 18 percent in mass merchandise stores in the first half, while food stores' H&BA sales rose 5 percent.

One indicator of the overall weakening in drug store H&BA sales is the What's Hot chart, based on Nielsen's tracking of 66 select H&BA categories. This year drug stores had only 10 H&BA categories with better than 10 percent growth in dollar sales for the first half. Last year, there were 25.

Last year, drug stores had just 11 categories with flat, warm or declining dollar sales. This year they had 38.

Clearly part of the problem is price. Drug chains have not been as successful as mass merchandisers and discounters at holding the line on price inflation as shown in chart 9, Nielsen's monitoring of H&BA sales and price trends in drug, food and mass merchandise stores.

Drug and food stores have taken higher increases on H&BA prices so far this year, up 4 percent for both industries versus a year ago, and their unit sales growth as a result has been the most sluggish. Unit sales for the 66 select H&BA categories tracked by Nielsen are up 1 percent for both drug and food stores vs. a year ago.

Meanwhile mass merchandisers, which held price inflation to 2 percent in 1988 and so far to just 3 percent in 1989, generated a whopping 16 percent increase in unit sales as well as an 18 percent increase in dollar sales (chart 9).

A sharper picture of the negative impact that price competition is having on drug store dollar and unit sales can be seen in chart 11, Nielsen's tracking of select H&BA sales and price trends in drug stores. Unit sales are either flat or down for 9 of the H&BA categories measured by Nielsen in this chart. Only four categories show growth averaging between 3 percent and 4 percent.

The softness in H&BA sales is also evident in chart 13, which compares drug stores' 1989 share of H&BA sales to H&BA shares in food and mass merchandise stores.

Of the 35 categories tracked, only three showed share growth in drug stores for the first half of 1989 versus 1988: ethnic hair preps were up 2.8 points, sinus remedies were up 1.8 points and cotton swabs were up 0.8 points. The other 32 categories were all down in drug store share of dollar sales. Some categories like early pregnancy kits and after-shave lotions and colognes were down dramatically, falling off more than four share points for the first half of 1989 versus 1988.

Mass merchandisers were the biggest winners, picking up 4.2 share points in after-shave lotions/colognes and 2.1 points in face creams, but food stores also did better in many categories.

In 1989, mass merchandisers picked up 1.8 share points for all the H&BA categories included in the Nielsen index. Food stores lost 0.8 of a point, while drug stores dropped a full share point.

Even within strong growth categories, drug stores did poorly during the first half. They dropped 4.2 share points on the early pregnancy test kits category. This is particularly disturbing because Nielsen identifies pregnancy kits as the strongest growth category in retail drug stores right now.

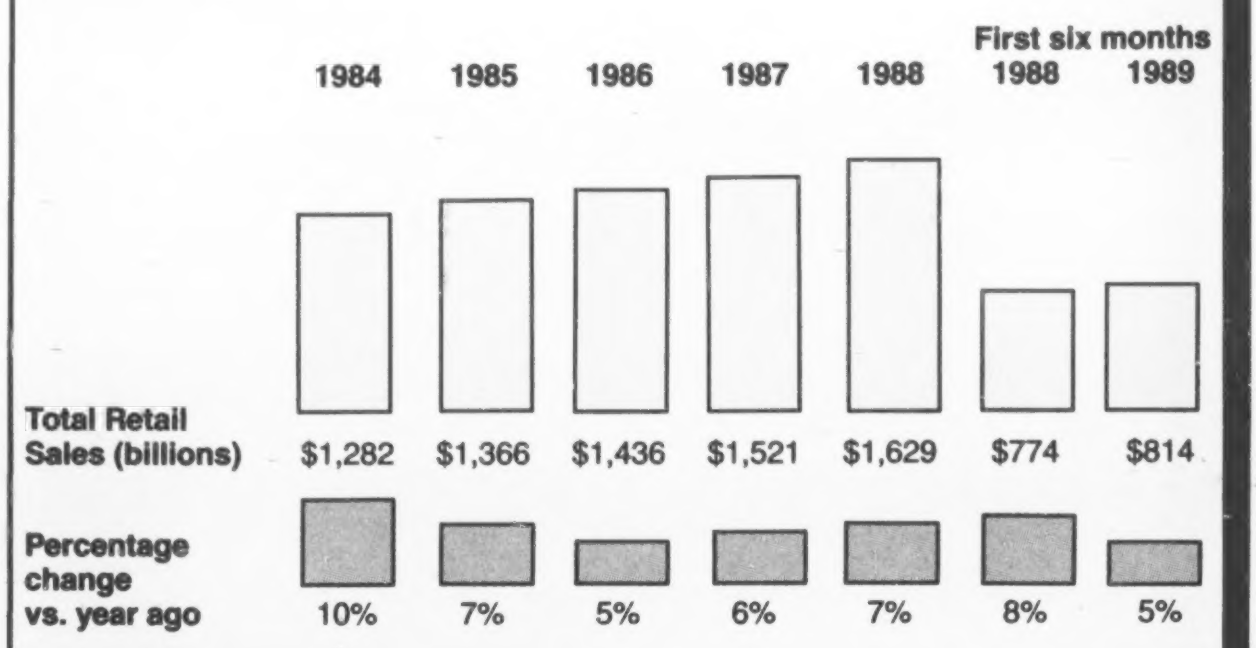
For the past five years, this category has generated an average annual percentage growth rate of 18.7 percent.

Another strong growth category, internal analgesics, was down .3 of a share point for drug stores in the first half. For the past five years, internal analgesics has been the drug store's fastest growing dollar sales volume category.

Continued on page 54

Chart 1: Retail Sales Trends

(Years ending Dec. 31)



Source: Bureau of the Census (revised 1989)

Chart 2: Division of U.S. Retail Sales By Class Of Trade

(Years ending Dec. 31)

	Years			First six months		Percentage change first 6 months
	1986	1987	1988	1988	1989	'89 vs. '88
☐ Drug and Proprietary	3.6%	3.6%	3.6%	3.7%	3.7%	6%
☐ Food Stores	21.0	20.7	20.4	20.7	21.0	7
☐ Auto Dealers	22.3	22.0	22.7	24.2	23.4	1
☐ General Merchandise Stores	11.5	11.6	11.3	10.0	10.1	6
☐ Eating & Drinking	9.4	9.7	9.7	9.7	9.9	7
☐ Gasoline Stations	6.8	6.5	6.3	6.4	6.5	7
☐ Hardware & Lumber	5.3	5.4	5.5	5.5	5.4	3
☐ Clothing	5.2	5.1	5.0	4.6	4.7	8
☐ Furniture & Appliances	5.6	5.6	5.7	5.5	5.7	9
☐ All Others	9.4	9.8	9.8	9.7	9.6	(1)
Total	100.0	100.0	100.0	100.0	100.0	

Source: Bureau of the Census (revised 1989)

Chart 3: Consumer Price Index*

(Years ending Dec. 31)

	Years			First six	Percentage change vs.
	1986	1987	1988	months '89	year ago
Food-at-home	107	112	117	123	7%
Food-away-from-home	113	117	122	126	5
Medical care	122	130	139	146	7
Prescription drugs	130	141	152	162	8
Over-the-counter drugs	118	124	131	137	6
Physicians services	121	130	140	148	8
Dental services	121	129	138	144	6
Hospital room	122	131	143	154	10
Personal care	112	115	119	124	5
Housing	111	114	118	122	4
Fuel oil & other utilities	104	103	104	107	3
Apparel & upkeep	106	111	115	118	4
Transportation	102	105	109	114	6
Entertainment	112	115	120	125	5
Total all items	110	114	118	123	5

Annual average, all urban consumers; base (1982) equals 100

Source: Bureau of Labor Statistics

Chart 4: Real Disposable Income Trends

	Year			**First six months	
	1986	1987	1988	1988	1989
Disposable Income-Actual Dollars (billions)	$2,992	$3,183	$3,453	$3,382	$3,694
Percentage change vs. year ago	6%	6%	9%	8%	9%
Consumer Price Index Deflator*	110	114	118	117	123
Percentage change vs. year ago					
Real Disposable Income-Constant Dollars (billions)	$2,720	$2,792	$2,926	$2,891	$3,003
Percentage change vs. year ago	4%	3%	5%	5%	4%

*Base year 1982 equals 100
**First six months on an annualized basis

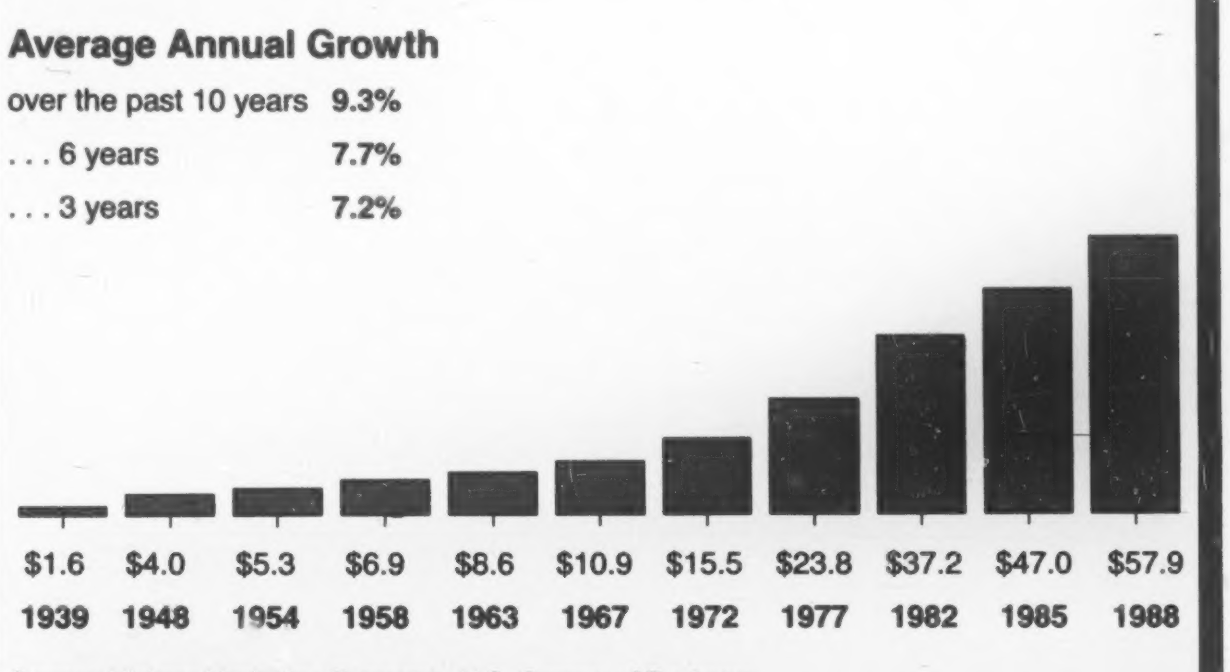
Source: U.S. Department of Commerce (revised 1989)

NIELSEN REPORT:

RETAIL DRUG STORE SALES

Chart 5: Retail Drug Store Total U.S. Dollar Sales

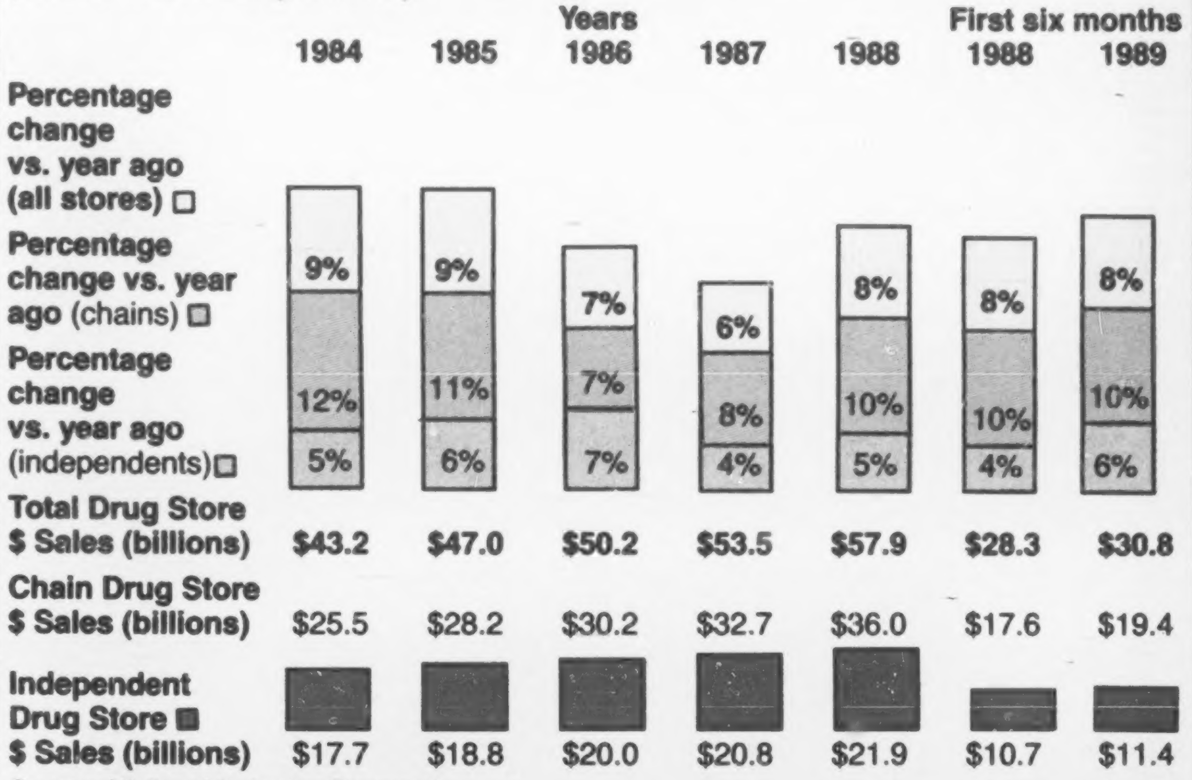
(In billions)



Source: Nielsen Marketing Research, U.S. Census of Business

Chart 6: U.S. Retail Drug Store Sales

(Chains versus independents)



Source: Nielsen Marketing Research

Continued from page 52

In five years, the sales of internal analgesics have increased by $286.7 million. In 1988, that category generated $794.5 million in sales for retail drug stores.

Distribution better

At the same time that competitors like mass merchandisers are getting more aggressive in stocking and selling H&BA items, they are also getting better at distributing them.

According to Nielsen's monitoring of inventory trends for the 66 H&BA categories in food, drug and mass merchandise stores, mass merchandisers took a big step forward in distribution efficiency in 1989.

They managed to keep inventory increases down to just 2 percent compared to a 4 percent increase for drug stores and 3 percent for food stores.

Mass merchandisers also improved their inventory turns by 17 percent. They now generate 9.8 turns a year, compared to 10.3 for the super efficient food store industry. Drug stores, meanwhile, turned their much broader H&BA inventory at a relatively slow 4.7 times, down 0.1 from the first six months of 1988.

Nielsen's chart 14 on H&BA inventory turns in drug stores helps sharpen the picture of what's happening. In a category like skin care, for example, drug store inventory levels rose 11 percent. For drug stores skin care is a very promising category, but the increased inventory served to depress turns, which dropped 6 percent to a low of 4.1.

Selected sundries, another category where inventory levels rose substantially, up by 13 percent in 1989, also failed to perform well on turns, dropping 9 percent in 1989 to just 4.9 turns a year.

Space allocations

In 1989, Nielsen also discovered that both drug and food stores are expanding their space allocations for select H&BA categories while large-volume independents are cutting back.

In 1989, for example, drug chains expanded shelf space for 18 of the 27 select H&BA categories monitored by Nielsen. Food chains gave more space to 19 of the tracked categories.

Large independents, on the other hand, expanded space for only two categories and even these increases were very marginal, averaging just about one linear foot of shelving.

Even the larger high-volume independents, however, can't compete with chains and food stores on product presentations and assortment because they simply don't have the space in most cases.

But the typical chain drug store, which is usually at least 8,000 square feet and can be three times larger, is striving very hard to stay ahead of their food competitors on assortment.

Chains added another three feet to dentifrice products in 1989, for example, to give them a total of 60 linear feet, compared to the 10 feet food chains averaged in early 1989.

Only in bulk categories like disposable diapers do drug chains cede growth to their food competitors. In 1989, food chains added another 4 feet to disposable diapers to give them a total of 65 linear feet. Drug chains, on the other hand, only expanded their disposable diaper section by 2 feet, to wind up with a 57-foot allocation.

In many cases both the drug chains and the food chains were aggressive with the same categories. Both gave five more feet to deodorants in 1989, for example, and both expanded shampoos and cold and sinus remedies by at

Continued on page 55

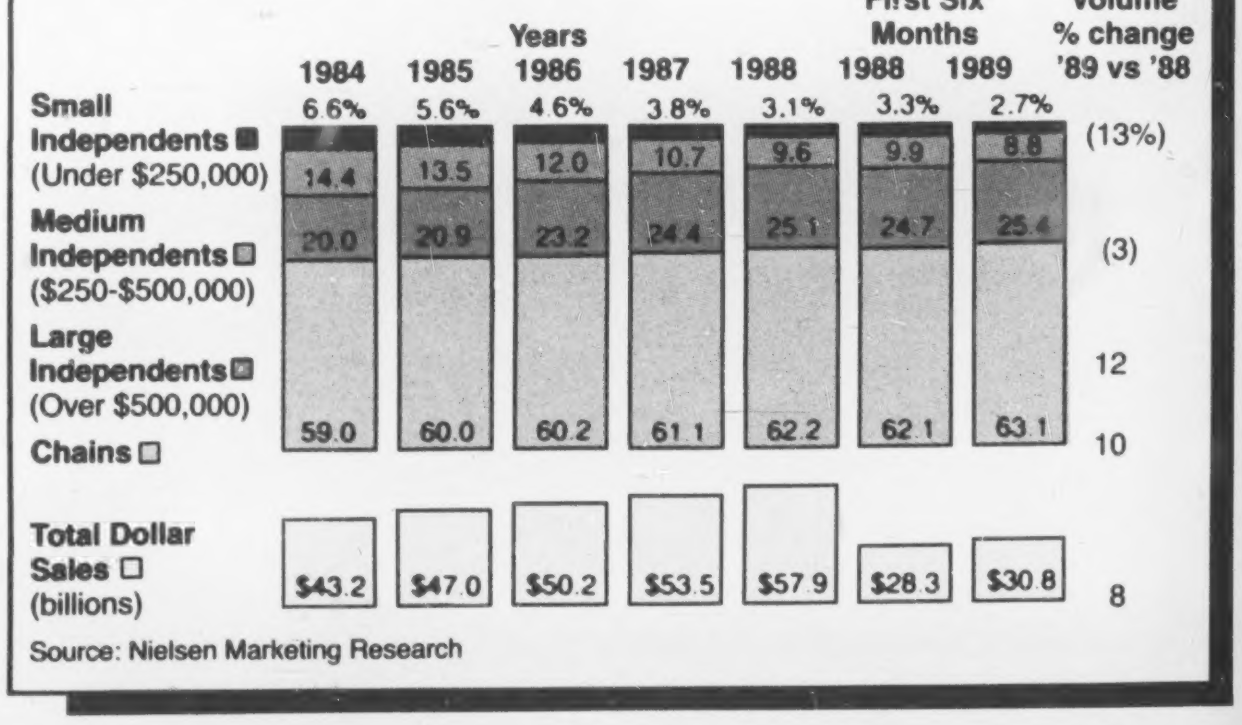
Chart 7: Division of Retail Drug Store Sales by Nielsen Retail Marketing Area

Region	1988 Drug Store Sales (billions $)	% change vs. year ago	1988 share of U.S. sales	Point change vs. year ago	1988 Number of households (millions)	Index of drug store sales per household US = 100
New England	$ 3.3	12%	5.7%	0.2	4.7	$109
Metro New York	$ 3.1	10%	5.4	0.1	5.9	$ 82
Albany/Buffalo/Syracuse	$ 1.7	6%	2.9	(0.1)	2.6	$103
Philadelphia	$ 2.4	6%	4.2	(0.1)	3.8	$ 99
Baltimore/Washington	$ 2.1	10%	3.6	0.0	3.1	$108
Pittsburgh	$ 1.4	10%	2.4	0.0	2.4	$ 91
Cleveland	$ 1.5	0	2.6	(0.1)	2.5	$ 92
Detroit/Grand Rapids	$ 2.4	4%	4.1	(0.2)	3.6	$104
Indianapolis/Cincinnati/ Lexington	$ 2.9	11%	5.0	0.3	4.0	$111
Metro Chicago	$ 2.2	5%	3.8	(0.2)	2.9	$121
St. Louis/Peoria	$ 1.2	4%	2.1	0.0	2.2	$ 84
Kansas City/Omaha/Iowa	$ 1.8	4%	3.1	(0.1)	3.7	$ 74
Minneapolis/Wisconsin	$ 2.1	10%	3.6	0.1	4.0	$ 83
Denver/Mountains	$ 1.0	(5%)	1.7	(0.3)	2.1	$ 75
Virginia/Carolinas	$ 2.9	12%	5.0	0.1	4.7	$ 97
Florida/South Georgia	$ 3.9	9%	6.2	0.0	5.3	$106
Georgia/Alabama	$ 3.1	7%	5.4	0.0	5.3	$ 91
Delta	$ 2.5	7%	4.3	(0.1)	4.1	$ 95
Albuquerque/San Antonio/ Oklahoma	$ 1.6	11%	2.8	0.0	3.7	$ 68
Dallas/Houston	$ 2.3	6%	4.0	0.0	4.1	$ 87
Southern Calif.	$ 4.9	10%	8.5	0.2	6.4	$119
Boise/Salt Lake/Phoenix	$ 1.5	8%	2.6	0.1	2.1	$109
Northern Calif.	$ 4.5	13%	7.8	0.3	4.2	$167
Seattle/Portland	$ 2.0	9%	3.5	0.2	2.9	$104
Total U.S.	$57.9	8%	100.0%	—	90.3	$641

Source: Nielsen Marketing Research, Marketing Statistics

Chart 8: Division of Drug Store Sales by Store Size and Ownership

(Percentage change vs. year ago. Years ending Dec. 31)



Source: Nielsen Marketing Research

NIELSEN REPORT:

RETAIL DRUG STORE SALES/H&BA SALES TRENDS

Chart 9: H&BA Sales and Price Trends—Drug vs. Food vs. Mass Merchandisers

(Percentage change vs. year ago)

	Dollar Sales Trends First Six Months		Unit Sales Trends* First Six Months		Price Trends* First Six Months	
	1988	1989	1988	1989	1988	1989
All three outlets	7%	7%	5%	4%	3%	3%
Drug Stores	9	4	6	1	3	4
Food Stores	5	5	3	1	3	4
Mass Merchandisers	9	18	7	16	2	3

*Weighted by dollar importance of each category

Source: Nielsen Marketing Research

Chart 10: Division of H&BA Sales—Drug vs. Food vs. Mass Merchandisers*

	Years 1985	1986	1987	1988	First Six Months 1988	1989	Volume change '89 vs. '88
Mass Merchandisers	16.3%	16.8%	17.5%	17.6%	17.1%	18.9%	18%
Food Stores	43.8	44.2	44.1	43.7	43.8	42.9	5
Drug Stores	39.4	39.0	38.4	38.7	39.1	38.2	4
Total HBA Sales** (Billions)	$24.9	$26.4	$27.9	$29.9	$14.7	$15.8	7
Percentage change vs. year ago	5%	6%	6%	7%	7%	7%	

*Based on the 66 categories in Nielsen's HBA Index
** Sales through three mass market outlets

Source: Nielsen Marketing Research

Chart 11: H&BA Sales and Price Trends—Drug Stores

(Percentage change vs. year ago)

	Dollar Sales Trends First Six Months		Unit Sales Trends* First Six Months		Price Trends* First Six Months	
	1988	1989	1988	1989	1988	1989
Total Nielsen HBA Index Categories	9%	4%	6%	1%	3%	4%
Total Toiletries	9	4	6	0	3	4
Men's Products	7	5	1	(1)	6	6
Skin Care	15	6	11	3	4	4
Hair Care	9	2	6	0	3	3
Oral Hygiene	13	3	10	0	3	4
Color Cosmetics	11	3	8	1	3	3
Other Toiletries	2	4	(1)	1	3	4
Total Remedial	10	5	7	1	3	5
Cold/Cough/Flu/Sinus	7	8	5	4	2	4
Analgesics/Digestives	11	3	7	(1)	4	5
External Remedies	15	8	13	3	2	5
Paper Goods	8	4	6	4	2	0
Selected Sundries	8	4	4	3	4	1

*Weighted by dollar importance of each category

Source: Nielsen Marketing Research

Continued from page 54

least three more feet per category.

Other 1989 Nielsen Highlights

- The fastest turning category in retail drug stores this year is topical hydrocortisones. Annual inventory turns have increased 7.6 percent on average for the past five years and are now up to 6.3 turns a year.
- The number of chain drug stores with cosmeticians on duty is growing. In 1987, 34 percent of chain drug stores had cosmeticians on duty. This year, 40 percent do.
- Today's drug chain is also much more committed to institutional or image advertising. In 1984, just 13 percent of total ad space was allocated to an institutional message. Last year, that was up to 24 percent.
- In terms of disposable income, the economy has been reasonably strong. For the first half of 1989, consumers enjoyed a 9 percent increase in real disposable income.

H&BA Sales Trends

Chart 9: Real drug store H&BA sales growth, as measured in unit sales, was virtually flat for the first half of 1989—up only 1 percent. The same was true for H&BA unit sales in food stores.

However, mass merchandisers generated tremendous growth in unit sales, with volume up 16 percent. The growth reflected their increasing commitment to building this category in their stores.

Mass merchandisers have traditionally been the strongest with the remedial H&BA categories, such as cough/cold and flu products, and with basic necessities like oral hygiene. Now they are competing more aggressively for the hair, skin and overall toiletries customer. Their drive is paying off in stronger sales.

Mass merchandisers have also done the best job in holding down prices on H&BA products. Prices increased only 3 percent for the first half, compared to a 4-percent increase in prices for both drug and food stores.

Chart 10: For the first half of 1989, the growth rate of H&BA sales in mass merchandisers more than quadrupled the growth rate in drug stores — 18 percent vs. 4 percent.

Drug stores also lost ground in their share of H&BA sales. Their share for the first half of 1989 is down nine-tenths of a point from the same period last year.

Share of H&BA sales for mass merchandisers, on the other hand, increased 1.8 points. This is partly because many mass merchandisers have expanded space for H&BA and cosmetic products. At the same time, they are advertising and pricing them more aggressively.

As a category, H&BA increased 7 percent for the first half and should end the year with sales at or over $32 billion. In 1988, the category was also up 7 percent, to $29.9 billion.

Food stores are showing only modest growth with the category. Their sales for the first half were up 5 percent, but their share of sales, like that of drug stores, was down 0.9 of a point.

Chart 11: In terms of real growth — unit sales — drug stores are not having an exciting year with H&BA products. Men's products and analgesic/digestive products were actually down 1 percent in unit sales for the first half of 1988; hair care and oral hygiene were flat; and color cosmetics and miscellaneous toiletries are only up 1 percent.

Skin care, cough/cold/flu/sinus products and external products remain the strongest H&BA categories for drug stores, with sales up 3 percent for the first two categories and 4 percent for externals.

Paper goods and selected sundries also rose 4 percent and 3 percent, respectively.

One of the culprits seems to be price. At a time when mass merchandisers are becoming more competitive with H&BAs, drug chains are not holding the line on price inflation.

Prices on men's products went up 6 percent in drug stores. The increase helped lead to a 5-percent increase in dollar sales, but at the expense of unit sales.

Prices on skin care, on the other hand, were up only 4 percent, and that helped produce a 6-percent increase in dollar sales and a 3-percent increase in unit sales.

Prices on sundries and paper goods were even better controlled, increasing only 1 percent on sundries and remaining level on paper goods. That helped produce real sales gains for both categories.

Continued on page 56

NIELSEN REPORT:

Chart 12: H&BA Sales—What's Hot in Drug Stores

(For six months ending June 30, 1989 vs. six months ending June 30, 1988)

HOTTEST
(Dollar sales increases greater than 15%)

- Sinus remedies
- Pregnancy testing kits
- Diarrhea remedies
- Insect repellents
- Baby bath

HOTTER
(Dollar sales increases between 10% and 15%)

- Face creams and lotions
- Pre-moistened towelettes
- Cotton swabs
- Sleeping tablets
- Diaper rash creams

HOT
(Dollar sales increases between 5% and 10%)

- Lip makeup
- Disposable diapers
- Cold remedies
- Soft contact lens solutions
- Internal analgesics
- Mouthwash
- Aftershave lotions/colognes
- Bath products
- Acne remedies
- Hemorrhoid preperations
- Women's fragrances
- Arthritic remedies
- Cough drops
- After shampoo/conditioners
- Hand and body lotions
- Throat lozenges
- Denture adhesives
- Cough syrup

WARM
(Dollar sales increases between 0% and 5%)

- Deodorants
- Toothbrushes
- Nasal sprays
- Shampoos
- Ethnic hair preps
- Foot remedies
- Blades and razors
- Batteries
- Eye drops and lotions
- Suntan lotions and oils
- Face makeup
- External analgesics
- Hair color
- Nail color
- Topical hydrocortisones
- Laxatives
- Stomach remedies/antacids

NOT SO HOT
(No sales growth or sales volume declines)

- Dental floss
- Dentrifice
- Sanitary protection
- Feminine douches
- Baby lotion
- Eye makeup
- Denture cleansers
- Women's contraceptives
- Vitamins
- Baby powder
- Mens hair preps
- Chapped lip preps
- Home wave kits
- Hair fixatives (sprays)
- Shaving cream
- Depilatories
- Talc/dusting powder
- Mousse
- Pet flea collars
- Baby oil
- Dieting aids

Source: Nielsen Marketing Research

Chart 12: Of the 66 H&BA categories tracked by Nielsen, 45 showed dollar sales increases in retail drug stores for the first half of 1989. This was a sharp decrease from last year's first half, when 62 of the 66 categories showed growth.

What's worse, just 28 of the categories showed what can be categorized as "hot" growth, meaning they had dollar sales increases of at least 5 percent, and only five showed sales increases of 10 percent or more. An additional five made it into the "hottest" classification, with sales increases better than 15 percent.

Ten categories actually fell out of the "hottest" classification for the first half of the year, while only one moved up. Last year, insect repellents was classified as "hot", with sales increases averaging between 5 percent and 10 percent in drug stores. This year, dollar sales of insect repellents in drug stores were up over 15 percent.

Only three of last year's hottest categories made it into this year's "hotter" classification, meaning they dropped from sales increases of 15 percent or better in the first half of 1988 to sales increases averaging 10 to 15 percent. They were diaper rash creams, sleeping tablets and face creams and lotions.

The number of categories that made it into last year's "hotter" classification also declined, dropping from 11 categories with dollar sales growth between 10 and 15 percent in 1988 to just five categories with growth that strong this year.

Only one of those categories — pre-moistened towelettes — maintained its growth rate from 1988.

With the one exception of baby bath, the chart shows that drug stores are not currently maximizing their potential for growth in the toiletries and fashion segments of H&BA products. Even face creams is showing less growth this year than last, and the basic toiletry categories, like deodorants, shampoos, sun care, face make-up and nail color, are flat or only showing marginal growth.

After shampoos and conditioners were one of Nielsen's "Hot" categories in drug stores this year.

Chart 13: Out of the 35 select H&BA categories monitored by Nielsen, just 14 have a higher share of dollar sales in drug stores than in food or mass merchandise stores.

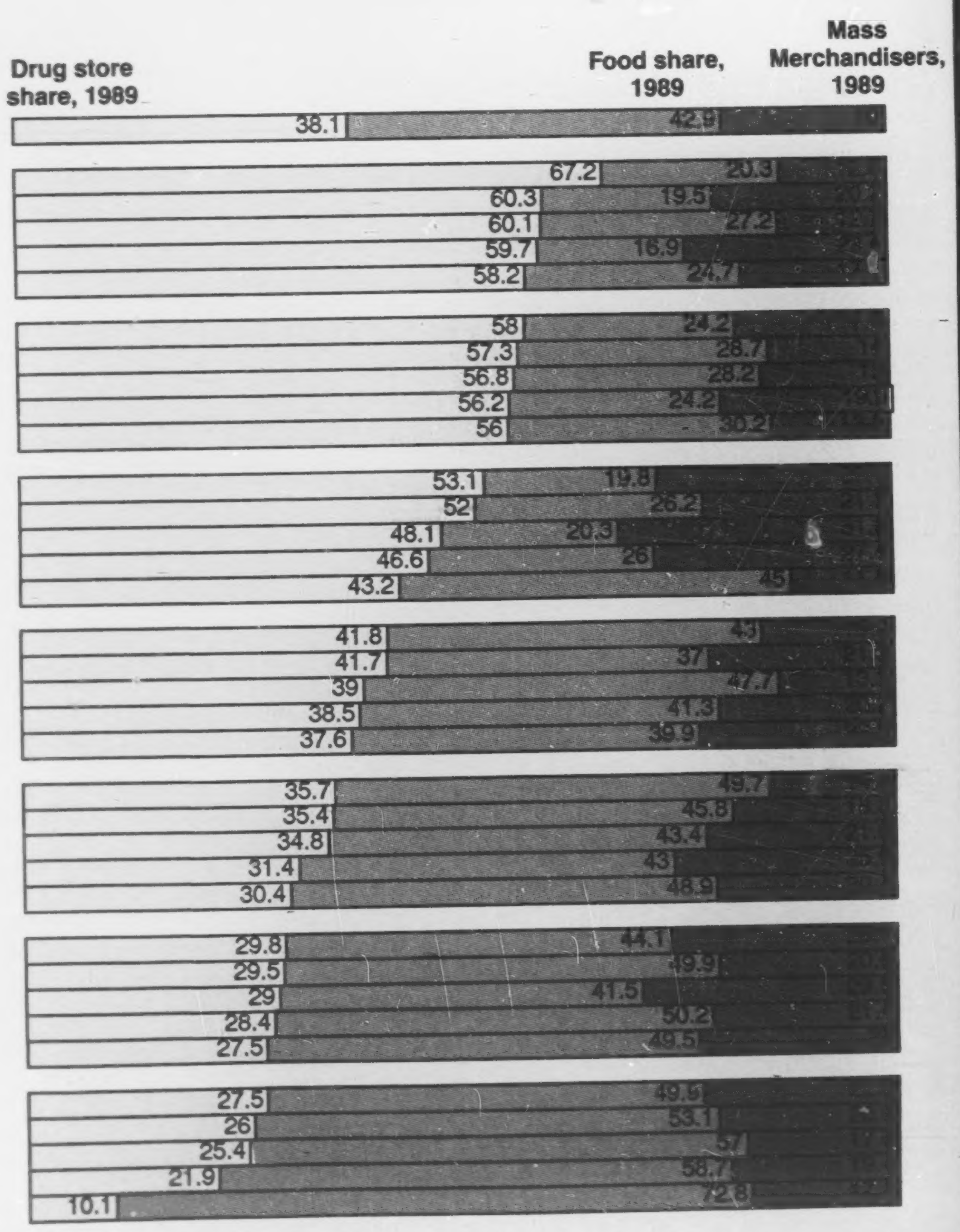
And of those 14, only four have a share higher than 60 percent. One — early pregnancy kits — has a share better than 70 percent .

Even worse, only three categories, ethnic hair preps, cold remedies and sinus remedies, had share gains in drug stores during the first half of 1989. All the remaining 32 monitored categories were down. Some like early pregnancy tests, which dropped 4.2 share points, were down dramatically.

Chart 13: Division of H&BA Category Sales—Drug vs. Food vs. Mass Merchandisers

(First six months 1989 vs. 1988)

Nielsen HBA Index categories	Drug store share, 1988
Nielsen Index	39.1%
Early pregnancy tests	71.4
Color cosmetics	61.5
Topical hydrocortisones	62.2
Aftershave lotions/colognes	63.8
Ethnic hair preps	55.4
Depilatories	59.5
Foot remedies	59.2
Laxatives	59.1
Face creams/lotions	58.2
Vitamins	58.3
Hair color	54.0
Suntan lotions and oils	54.2
Home wave kits	50.1
Soft contact lens solutions	50.4
Cold remedies	44.4
Stomach remedies/antacids	43.0
Hand and body lotions	44.2
Sinus remedies	37.2
Men's hair preps	39.3
Feminine douches	38.5
Internal analgesics	36.0
Toothbrushes	37.0
After shampoos	36.2
Mousses	33.4
Shaving cream	31.7
Hair fixatives	30.4
Blades and razors	30.5
Baby oil	30.8
Mouthwash	29.3
Deodorants	27.6
Shampoos	28.5
Cotton swabs	25.2
Sanitary protection	25.6
Dentrfrice	22.5
Disposable diapers	10.3



Source: Nielsen Marketing Research

Face creams and lotions, one of the hottest growth categories in retail drug stores — up better than 10 percent in dollar sales for the first half of 1989 — was also down in share, by 2 points.

Buyers who look at their dollar sales increases on face creams would logically be pleased with the category's performance, but when you look at the growth in face creams in food and mass merchandise stores and the declines in share for drug stores, another picture emerges and it is less than rosy.

NIELSEN REPORT:

H&BA INVENTORY TRENDS, LINEAR SHELF SPACE ALLOCATIONS

Chart 14: H&BA Inventory Trends—Drug Stores*

	Inventory level trends[1] (% change vs. year ago) First six months		Average annual rate of inventory turns First six months		Inventory rate of turn[1] (% change vs. year ago) First six months	
	1988	1989	1988	1989	1988	1989
Total Nielsen H&BA Index	1%	4%	4.8	4.7	6%	(3%)
Total Toiletries	0	4	4.1	4.0	7	(3)
Men's products	(6)	4	4.6	4.3	8	(5)
Skin care	5	11	4.3	4.1	6	(6)
Hair Care	(1)	2	4.5	4.4	7	(3)
Oral hygiene	3	4	5.5	5.3	8	(4)
Color cosmetics	2	3	2.3	2.3	6	(3)
Other toiletries	(4)	1	3.9	3.9	4	0
Total Remedial	1	3	5.3	5.2	6	(1)
Cough/Cold/Flu/Sinus	2	1	5.3	5.5	2	3
Analgesics/digestive	(2)	2	5.3	5.1	9	(3)
External remedies	10	8	5.4	5.2	3	(4)
Paper goods	1	7	6.8	6.6	5	(3)
Selected sundries	5	13	5.3	4.9	(1)	(9)

* Based on the 66 categories in Nielsen's HBA Index
(1) Weighted by dollar importance of each category

Source: Nielsen Marketing Research

Chart 14: Drug stores kept their inventory levels of cough/cold/sinus/flu products relatively tight this year, and that is the only category in the Nielsen H&BA index that showed an improvement in rate of inventory turns.

On a 1-percent increase in inventory levels, cough/cold/sinus/flu was up 3 percent to a 5.5 turn rate for the first half of 1989.

Selected sundries endured the biggest drop in efficiency. With inventory levels up 13 percent for the first half, turns were down 9 percent, to 4.9 a year.

Skin care, a strong growth area for today's drug store, also suffered. Buyers increased inventory levels by 11 percent, and the result was a 6-percent decline in turn rate to 4.1 times on an annualized basis.

The same pattern occurred in external remedies, up 8 percent in inventory levels, and down 4 percent in turns; men's products, up 4 percent in inventory levels, down 5 percent in turns, and paper goods, up 7 percent in inventory levels and down 3 percent in turns.

Chart 15: Retail drug stores saw inventory levels increase for the first half of 1989, and turns, as a result, declined, meaning that they are not operating as efficiently this year as they have in years past.

In the first half of 1989, their inventory levels were up 4 percent, and their turn rate slipped by 3 percent to 4.7 times on an annualized basis.

Meanwhile, some of the competition became much more efficient in inventory management. Mass merchandisers held their inventory levels to a moderate 2-percent increase, yet their performance in turning that inventory improved dramatically, up 17 percent, to 9.8 annual turns for the first half of 1989.

Chart 15: H&BA Inventory Trends—Drug vs. Food vs. Mass Merchandisers *

	Inventory level trends[1] (% change vs. year ago) First six months		Average annual rate of inventory turns First six months		Inventory rate of turn[1] (% change vs. year ago) First six months	
	1988	1989	1988	1989	1988	1989
Three outlets	1%	3%	7.4	7.6	2%	2%
Drug stores	1%	4%	4.8	4.7	6%	(3%)
Food stores	1%	2%	10.3	10.3	(2%)	0
Mass merchandisers	0	2%	8.3	9.8	9%	17%

*Six months ending June 30, based on the 66 categories in Nielsen's H&BA Index
1. Weighted by dollar importance of each category

Source: Nielsen Marketing Research

Chart 16: H&BA Linear Shelf Space Allocation

(Average allocated linear feet of shelving by type of store)

Selected toiletries	Drug chains 1988	1989	change	Large independents 1988	1989	change	Food chains 1988	1989	change
Aftershave lotion/colognes	29	29	0	20	19	(1)	8	10	2
Dentifrice	57	60	3	24	23	(1)	44	46	2
Denture adhesives/cleansers	23	24	1	13	14	1	10	12	2
Deodorants	67	72	5	30	30	0	46	51	5
Face creams & lotions	23	24	1	15	12	(3)	9	10	1
Hair coloring	70	72	2	27	25	(2)	21	21	0
Hair fixative	44	44	0	20	14	(6)	25	23	(2)
Hand and body lotions	31	34	3	20	19	(1)	16	18	2
Home wave kits	15	14	(1)	7	6	(1)	5	6	1
Mouthwash	31	33	2	12	11	(1)	19	21	2
Mousse	12	13	1	6	4	(2)	7	6	(1)
Shaving creams	20	21	1	10	9	(1)	12	13	1
Shampoo	63	67	4	30	27	(3)	43	46	3
Suntan/sunscreens	NA	31	NA	NA	13	NA	NA	14	NA
Selected remedials									
Acne remedies	17	19	2	13	12	1	8	9	1
Cold and sinus remedies	52	57	5	34	35	1	24	27	3
Contact lens solutions	NA	39	NA	21	NA	NA	14	NA	NA
Cough syrups	20	21	1	14	13	(1)	8	10	2
Early pregnancy tests	NA	5	NA	NA	3	NA	NA	3	NA
Eye lotions and drops	NA	7	NA	NA	5	NA	NA	3	NA
Internal analgesics	63	65	2	3	36	2	33	37	4
Laxatives	36	36	0	28	26	2	11	12	1
Nasal sprays and drops	10	9	(1)	8	7	1	5	5	0
Stomach remedies	37	39	2	25	23	(2)	16	19	3
Vitamins	85	89	4	58	57	(1)	37	38	1
Selected paper products									
Disposable diapers	55	57	2	13	11	(2)	61	65	4
Sanitary protection	85	90	5	35	31	(4)	56	58	2

NA: Not available; measurements taken end of April.

Source: Nielsen Marketing Research

H&BA Linear Shelf Space allocations

Chart 16: Drug chains are following through on their verbal commitments to expand space for traditional drug store categories for the 1990s.

For the first half of 1989, chain drug stores expanded space allocations for 18 of the 27 selected H&BA categories surveyed in chain drug stores.

Of these 18, the largest gainers in space allocations were deodorants, up from an average 67 linear feet for the first half of 1988 to 72 in 1989; cold and sinus remedies, up 5 linear feet to 57 in 1989; and sanitary protection, up 5 feet to 90 feet.

This year, only two slower growth categories have been cut back in chain drug stores: home wave kits, which has been a flat segment for years, and nasal sprays and drops.

The picture is much different in high-volume independent stores. In this market segment, 19 categories lost space and only two increased space: denture adhesives and cleaners and cold/sinus remedies.

It is ironic that independents are backing away from expanded presentations on these categories at the same time that competitors like chain drug stores and food chains are expanding their assortments to beef up presentations.

In the food store industry, 19 of the 27 surveyed categories were given increased space allocations. The largest increases were allocated to deodorants, up 5 linear feet to 51 feet for the first half of 1989; internal analgesics, up 4 feet to 37 feet; and disposable diapers, up 4 feet to 65 feet.

The categories that lost space in food stores were hair fixatives (sprays) and mousse.

NIELSEN REPORT:

SPACE ALLOCATIONS; MERCHANDISING CHARACTERISTICS

Chart 17: H&BA Dollar Sales Per Month

(Per linear foot of allocated shelf space. Comparison by store type)

Selected toiletries	Drug chains 1988	1989	change	Large independents 1988	1989	change	Food chains 1988	1989	change
Aftershave lotion/colognes	$51	$53	$2	$2	$2	$2	$ 45	$ 43	($2)
Dentifrice	20	19	(1)	10	10	—	56	55	(1)
Denture adhesives/cleansers	19	19	—	9	8	(1)	44	38	(6)
Deodorants	26	24	(2)	12	11	(1)	55	52	(3)
Face creams & lotions	48	51	3	23	30	7	50	52	2
Hair coloring	19	18	1	9	9	—	25	26	1
Hair fixatives	19	19	—	9	12	3	40	44	4
Hand and body lotions	28	27	(1)	15	16	1	42	44	2
Home wave kits	19	20	1	9	8	(1)	23	19	(4)
Mouthwash	24	26	2	16	18	2	63	65	2
Mousse	20	15	(5)	9	11	2	36	39	3
Shaving creams	14	13	(1)	8	7	(1)	29	28	1
Shampoo	25	24	(1)	14	14	—	57	56	1
Suntan/sunscreens	NA	24	NA	NA	18	NA	NA	33	NA
Selected remedials									
Acne remedies	21	20	(1)	10	11	1	39	38	(1)
Cold and sinus remedies	NA	39	NA	NA	22	NA	NA	74	NA
Contact lens solutions	NA	40	NA	NA	19	NA	NA	60	NA
Cough syrups	NA	37	NA	NA	33	NA	NA	45	NA
Early pregnancy tests	NA	58	NA	NA	27	NA	NA	48	NA
Eye lotions and drops	NA	32	NA	NA	17	NA	NA	56	NA
Internal analgesics	44	45	1	26	28	2	102	97	(5)
Laxatives	34	36	2	20	21	1	53	53	—
Nasal sprays and drops	33	39	6	18	21	3	55	59	4
Stomach remedies	28	27	(1)	18	19	1	55	49	(6)
Vitamins	21	20	(1)	14	14	—	28	29	(1)
Selected paper products									
Disposable diapers	25	25	—	13	14	1	123	122	(1)
Sanitary protection	20	18	(2)	12	13	1	56	51	(5)

NA = not available; measurements taken end of April.

Source: Nielsen Marketing Research

Chart 17: Of the 27 select H&BA categories surveyed by Nielsen, early pregnancy tests turned out to be the highest volume category in terms of dollar sales generated per month, per linear foot of shelf space.

After-shave lotions and colognes came in second, with average sales of $53 per month per linear foot, up $2 versus the same period last year.

Nasal sprays and drops was the strongest category in terms of dollar sales growth, year-to-date. Sales per linear foot were up $6 to $39 per month for the first half of 1989.

On the grim side, 11 of the 27 surveyed categories were down for the first half of 1989 versus 1988. Mousse had the sharpest decline, dropping $5 per average linear foot to $15 per month.

High-volume independents generated better growth in per linear foot sales for skin care, up $7 to $30 per month, but they still lagged far behind drug chains in terms of total dollar sales. High-volume independents generated $30 per month per linear foot of allocated shelf space for face lotions, compared to $51 for chains.

High-volume independents suffered less extreme sales declines. Only four categories were down in terms of dollar sales per linear foot: denture products, home wave kits, shaving creams, and deodorants, all down 1 percent .

In food chains, nine categories suffered sales declines in monthly dollar sales per linear foot. Denture products were down the most dramatically, a 6-percent drop, to $38 per linear foot. That was still a lot better than the $19 drug chains were averaging per month, or the $8 high-volume independents were averaging.

Food chains also increased monthly H&BA average dollar sales in nine of the surveyed categories. The sharpest increases came in hair fixatives, up $4 to $44 per linear foot per month, well in excess of the $19 chain drug stores were generating in this category. Nasal sprays and drops were up $4 to $59, again much better than the $39 chain drug stores were generating.

ARIETY
ND DEEP
PRICES
WAREHOUSE
SAVINGS
ARBOR
SERVICE
enjoy your
Arbor values
BUY CONTAC

Retailers' space allocation strategy tries to maximize SKU facings while making a strong presentation. This Arbor store in Southfield, Mich. promotes a variety of styling aids.

Chart 18: Chain Drug Stores: Store Merchandising Characteristics

(Percentage of stores with characteristic—all commodity basis)

Category	1987	1988	1989*
Film developing	98%	98%	98%
Pharmacy computer systems	71	86	94
Cosmetician	34	30	40
Lottery tickets	27	29	30
Pre-recorded videotapes	14	13	9
Open 24 hours	5	7	7
Alcoholic beverages	56	64	64
Liquor	30	32	29
Beer	55	63	64
Wine	46	53	46

*For the period ending in February 1989

Source: Nielsen Marketing Research

Chain Drug Stores Store Merchandising Characteristics

Chart 18: The most popular "extra" that drug stores can provide convenience-minded shoppers is still film developing, now offered by 98 percent of all U.S. chain drug stores.

Making sure there is a computer in pharmacy to track consumer needs is the next most popular option, and in 1989 94 percent of all chains provided that service, compared to just 71 percent in 1987.

Today's chain drug store is also working harder to satisfy the consumer's growing need for service at the mass level. In February 1988, just 30 percent of all the drug chains surveyed had a cosmetician on duty. In February 1989, that number had increased to 40 percent.

Lottery tickets did not decline in popularity as a service option, but neither did they grow dramatically. In 1989, 30 percent of all chain drug stores sold lottery tickets, compared to 29 percent in 1988.

Sales of pre-recorded videotapes, on the other hand, were on the downtrend. In 1987, 14 percent of all chain drug stores stocked pre-recorded video tapes. In 1989, only 9 percent did.

As a category, alcohol does seem to be gaining expanded distribution in chain drug stores. In 1989, 64 percent of all chains stocked alcohol, compared to just 56 percent in 1987.

In terms of geographic differences, the Northeast and the Mid-Atlantic regions, with their higher percentages of bantam self-service stores, were the least likely locations where consumers might find the services of a cosmetician or an expanded mix of product that would include such nontraditional categories as pre-recorded videotapes or alcohol.

On the other hand, West Coast and Central states, with their larger stores geared more to the convenience needs of shoppers, were the most likely regions where these additional merchandising services might be found.

BEST COPY AVAILABLE

DRUG STORE NEWS®
INSIDE PHARMACY
PHARMACIST EDITION

Vol. 4, No. 12/Dec. 11, 1989 The News Journal of Retail Pharmacy Published by Lebhar-Friedman, Inc.

OTC makers try cashing in on brand profiles

Manufacturers of over-the-counter products hope brand recognition will help them carve out some of the $18-$23 billion in overall OTC sales that are projected to be reached within the next five years.

ONSUMER BRANDS PREFERENCE STUDY

Already accounting for nearly 15 percent of total chain drug store sales, OTC drugs are a major focus for drug retailers who look to the category to provide vital growth in the face of intense competition over the next decade. Manufacturers, for their part, are intensifying their marketing efforts and boosting ad budgets in order to keep brand recognition high enough to lure consumers to purchase their products.

While consumer brand preferences may not always agree with the perceptions of store managers about leadng brands, one thing is clear: Brand awareness does make a big difference in consumers' buying habits.

Continued on page IP13

Inside

FEATURES

Leaders from community pharmacy discuss hot issues at NARD's 91st Annual Convention in San Antonio. 4

9 *New drugs to treat AIDS expands list approval for last quarter of 1989; others still in pipeline.*

Creativity is byword for pharmacy located in New Providence, N.J. Meet Mel Mirrer, owner of Mirrer Pharmacy. 20

DEPARTMENTS

Cohen's Capsules IP3
My Way of Thinking IP3
Washington Perspective IP4
Statewire IP6
Drug Watch IP9
Price Scan IP9
Healthtalk IP12
Independent Focus IP20
Rx/OTC Product Updates ... IP22
C.E. lesson IP25

Rx'ers defining role of technicians

By Elizabeth Richardson

Pharmacists are fighting a new kind of turf war that could change the way they practice pharmacy. Only this time, the turf they are trying to protect isn't on city streets, it's in their own prescription departments.

As though it weren't enough for today's pharmacist to fend off encroaching competition from supermarkets, combo stores, mail order and physicians who dispense, many are faced with a more personal problem closer to home: how to define the role of pharmacy technicians working behind their counters.

The controversy surrounding the role of supportive personnel is nothing new to pharmacy. Ever since pharmacists' workload started prohibiting them from leaving the prescription counter to counsel patients, the definition of what a pharmacy technician's duties should be has been the topic of discussion among state associations and boards of pharmacy. Unfortunately, the industry as a whole has yet to come to a consensus on the issue. As heavy workloads continue to plague pharmacists, many state boards and associations have begun to seriously address the issue head-on by formulating regulations for technicians and their duties amid much controversy.

Continued on page IP10

DRUG STORE NEWS
INSIDE PHARMACY
PHARMACIST EDITION

is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, NY 10022
212-371-9400
Subscription Services:
(212) 697-2165 or (212) 697-2166
Cable Address: LEBHAFRIED
Panafax: 212-838-9487

VP/Publisher **JAY FORBES**
Editor **BRUCE BUCKLEY**
Editor/Inside Pharmacy **HAROLD COHEN, R.PH.**
Executive Editor **Al Heller**
Senior Desk Editor **Paul W. Cockerham**
Special Projects Editor **Elizabeth Parks**
Senior Editor **David Vaczek**
Associate Editor **Susan Ball**
Desk Editor **Bernadette Casey**
Field Editor **Christine Bizzarro**
Assistant Pharmacy Editor **Elizabeth Richardson**
Editorial Assistant **Fred Rueckher**
Bureau Editors:
  James Frederick (Senior Editor, Cleveland)
  Pamela Meek (Associate Editor, Los Angeles)
  Ken Rankin (Bureau Chief, Washington)
  Deane Evans (Washington)
Art Director **Bob Brokman**
Graphic Artist **Maria Agrusa-Ferrigno**
Associate Publisher/National Adv. Manager **JILL MANEE**
REGIONAL SALES OFFICES
New York
  Nat'l Accounts Manager **Larry Krongold**
  N.Y. Area Manager **Dan Bagan**
  N.Y. Area Manager **John Kenlon**
Boston 1 Gateway Center, Newton, MA 02158, 617-527-6394
  Regional Manager: **James Malver**
Chicago 444 N. Michigan Ave., Chicago, IL 60611, 312-644-8688
  Area Manager: **Betsy Ventura**
Los Angeles 606 N. Larchmont Blvd., Los Angeles, CA 90004, 213-464-8321
  Area Manager: **Howard Zabner**
Nat'l Director of Field Marketing & Circulation Services **Jim Dickison**
Circulation Director **Ken Turtoro**
Circulation List Manager **Vicki White**
Director of Manufacturing **Stan Kaufman**
Advertising Production Mgr. **Debbie Rothenberg**

Board of Pharmacy Advisers
Ken Anderson SupeRx Corp.
Clarence Archer Wal-Mart
Marty Belitz Shoppers Drug Mart
Dick Boyd American Drug Stores
Len DeMino NACDS
Paul DiGrazia Safeway Stores Inc.
Phillip R. Engle Bergen Brunswig Corp.
Robert King FoxMeyer Corp.
Howard Kramer K mart Corp.
Joseph Polastri McKesson Corp.
Saul Schneider K&B Inc.
Bob Shapiro Perry Drug Stores Inc.
Charles W. Trefrey NWDA

Founder (1900-1981) **Arnold D. Friedman**

President **J. Roger Friedman**
Sr. VP/Group Publisher **James T. deGraffenreid**
VP/Administration **Harry A. Estes**
VP/Publisher **Jay Forbes**
VP/Finance **James Granato**
VP/Human Resources **Richard D. Groberg**
VP/Editorial Director **David Q. Mahler**
Treasurer **Barry Okun**
Japan Diamond-Friedman Ltd. Chain Store Age Japan 1-4-2 Kasumigaseki, Chiyoda-ku Tokyo, Japan, 504-6750

The Audit Bureau MPA ABP

Publisher of Accounting Today, Drug Store News, Discount Store News, Nation's Restaurant News, National Home Center News, Chain Store Age Executive (with Shopping Center Age) and *APPAREL merchandising*. Affiliates: Business Guides Inc. (Directories); Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

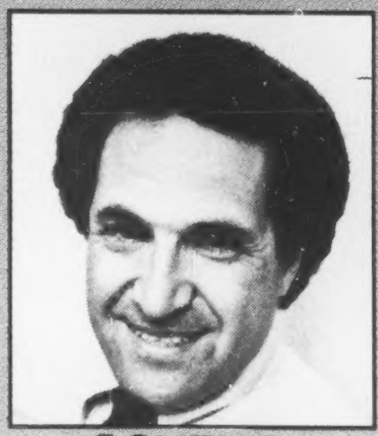
Subscriptions
(212) 697-2165 or (212) 697-2166.
Having a problem with your subscription? Send us full details, including the mailing label from the last copy you received, along with your telephone number. We'll do everything possible to solve the problem at once. Write to Circulation Fulfillment Director, Drug Store News, 305 Madison Ave., Suite 535, New York, NY 10165-0079.

Permissions
Materials in this publication may not be reproduced in any form without written permission. Requests for permission should be directed to Jay Forbes, publisher, Drug Store News/Inside Pharmacy, 425 Park Ave., New York, NY 10022.

Drug Store News/Inside Pharmacy (ISSN08919828) is published monthly by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscriptions are available at no charge to qualified retailers in the retail drug industry. Paid subscriptions are available to nonqualifying retailers, wholesalers, manufacturers and others at the rate of $25 per year: $26 in Canada. Foreign subscription: Airmail only $75 per year. Single copy rate: $2. Second-class postage paid at New York, N.Y., and additional post offices. Copyright © 1989 by Lebhar-Friedman Inc. All rights reserved. POSTMASTER: Please send address changes to Subscription Dept., Drug Store News Inside Pharmacy, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. For change of address, six weeks notice to Subscription Dept., 305 Madison Ave., New York, N.Y. 10165-0079. Give old and new address and zip code. If possible, enclose address portion from cover of previous issue.

Vol. 4, No. 12 Dec. 11, 1989

What goes around, comes around



COHEN'S
CAPSULES

HAROLD COHEN

As another year comes to a close and I begin my seventh year at *Drug Store News* and fourth year at the helm of *Inside Pharmacy*, I can't help but reflect on the state of pharmacy, and maybe even gaze a bit into the future.

While recently chatting with some members of our pharmaceutical community, I was asked what I thought would be some of the more troublesome areas facing the profession in the coming year. It took me all of five seconds to come up with a reply.

No. 1 on my hit list of problems, not only over the next year, but over the next several years, is the staggering and frightening rise of third-party prescriptions. Third-party prescriptions are predicted to comprise about 70 percent of all prescriptions filled by the end of the century. If reimbursement schedules that continue to spiral downward aren't brought under control soon, it will be the ruin of pharmacy as a profession. Maybe pharmacy as a business will barely survive, but pharmacy as a profession will have seen better days. Fighting for that almighty third-party contract will certainly have its effect on key expenses, like pharmacists' salaries. Store owners will have to cut back. The pressure on each pharmacist to fill a greater number of prescriptions will obviously increase. There will be no time for an average pharmacist to practice the *profession* of pharmacy. And, if you think we have a pharmacy manpower problem today, wait.

The multi-tier curse

Another problem I see looming large in the year ahead is multi-tier and discriminatory pricing. It doesn't take a genius to figure out that the pharmacy getting the best prices from manufacturers is in a better position to deal in low third-party reimbursement contracts. Is it fair that one segment of our market gets treated to substantially lower prices than another? Absolutely not. Pharmaceutical manufacturers who continue to practice multi-tier pricing are simply choking the profession. It should be stopped, and stopped now.

To a lesser extent, I think physician dispensing will continue to plague retail pharmacy in some geographical areas. Although I don't see it wreaking the same kind of havoc nationwide as I envision third-party doing, it will continue to be bothersome and financially upsetting in some communities. Last year prescriptions dispensed by physicians accounted for 1 percent of retail prescription sales. My position is simple: physicians should not dispense medications for profit. But if they must, they should be licensed and subjected to the same legislation and regulation as pharmacists, including pharmacy continuing education separate and apart from their medical continuing education.

Unfortunately for many retailers, especially the independents, mail order will continue to grow. Let's face it. As long as retail walk-in pharmacies continue not giving the kinds of services and prices to keep consumers shopping in their stores, prescription mail order houses will unfortunately continue to grab a piece of the pharmacy marketplace. Last year prescription mail order companies took 5 percent of the nation's prescription sales for themselves.

Well, Cohen, thanks for depressing me, you say. Is there any good news? I think so. I don't think the future of retail pharmacy looks as bleak as I may have painted it.

Marketing the key

Although it looks like third-party programs' hands will dig deeper into pharmacists' pockets, I think some good might come out of all of this nonsense. First, I think that once good, old-fashioned service hits an all-time low at retail pharmacies, consumers will revolt. They will finally wake up and realize they can't have their prescriptions and service too. I also think that pharmacists will have to find alternate ways of keeping customers from running to exclusive third-party providers. We'll see more creative, professional marketing programs by pharmacists. A greater use of technicians will allow pharmacists to consult with patients and become more visible to the public. Along those lines, some states are already considering mandatory consultation laws. While the process is certain to be evolutionary, I think eventually, as more sophisticated drugs flood the market, the pharmacist will be able to charge for his or her services.

I think we will see less physician dispensing as many states put into action laws that will force physicians to follow the same regulations as pharmacists. At that point, I think most physicians will become disgusted and give up their practice of dispensing prescriptions.

Once retail pharmacy begins to show that it has some clout again, pharmaceutical manufacturers will come around and discontinue multi-tier pricing.

On the generic scene, as third-party prescriptions become a mainstay and after the dust settles from the current generic scandal, generics will become stronger than ever, with fewer companies competing for the business. I also think that the scandal will strengthen the FDA, and it will once again become a regulatory agency of note.

You've all heard the expression "what goes around comes around?" Well I think it's pharmacy's turn to come around.

Let me take this opportunity to thank all my readers for their loyalty and support and to wish all of you a joyous holiday season and a healthy, happy, New Year.

My Way of Thinking. . .

"My Way of Thinking" is intended to give responsible members of the health care community a professional forum to air their views on crucial issues confronting pharmacy today. Presentations should be no longer than 500 words and may be edited for space requirements. Interested participants should mail their presentations to Harold Cohen, Editor, Inside Pharmacy, 425 Park Avenue, New York, N.Y., 10022. Articles will be chosen and published at the editor's discretion.

One would be hard-pressed to find a pharmacist who would support or condone physician dispensing. While the work being done on state and federal levels by a number of organizations is admirable, there is no solution or relief for the short-term problems facing pharmacy.

The most recent frontal attack is being made through home medical equipment (HME) dealers. At least one drug repackager is trying to broaden its penetration into the physician dispensing market by bringing the HME dealer in as an ally.

During a recent home health care conference, a drug packager told HME dealers they could make a $2,000 profit per physician by getting physicians in their area to dispense. They suggested that the HME dealer could make as much as six figures without an investment.

Perhaps it is time for the pharmacist to stop waving the S.O.S. flag while the ship is sinking, and start bailing and allow those retailers with the ability to plug up the holes the time to do their job.

Who is in a better position to assure proper packaging and labeling of prescription drugs? Who is more local than the neighborhood pharmacist? Who is in a better position to help assure that the proper auxiliary labels and printed patient instructions are made available to the patient? Who is in a better position to benefit from a good pharmacist-physician relationship and fill those prescriptions that the dispensing physician does not stock or for the third-party who will not pay the physician or the physician who elects not to do the paperwork?

Some might consider such a proposal heresy or an unprofessional attitude, others claim that a pharmacist can't sit on both sides of the fence.

How can pharmacy be so naive as to think that it is going to stop physician dispensing in its tracks without sustaining any casualties? Most of today's pharmacists have computers which could easily be modified to produce multiple labels which would provide adequate inventory and other controls.

If a particular physician or group of physicians are going to dispense, is it better for them to obtain their inventory from across the country or state or through a local source such as a local pharmacy?

In today's marketplace, diversification is a necessity, not a luxury. My strategy for survival is simple: (1) protect your base by going after mail order contracts or by supplying physicians who wish to dispense; (2) diversify in home medical equipment or other such areas; and (3) find niches where services are wanted and people are willing to pay for them.

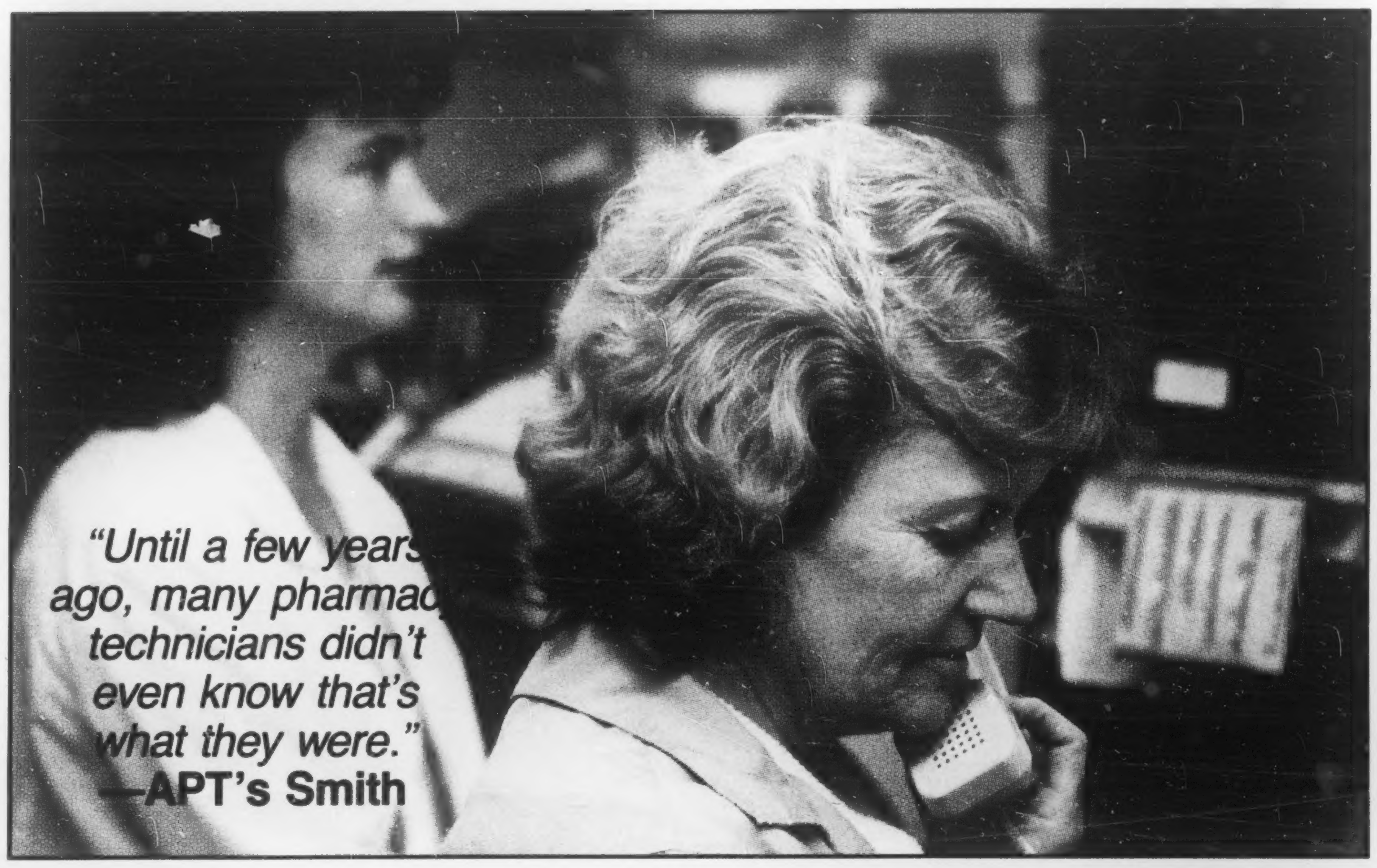
By protecting your base, you will help ensure your long-term survival. You will also have the ability to wait for the powers-to-be to prohibit physician dispensing or until third-party payers "weed out" dispensing physicians by eliminating the "cash" market.

Your future is in your hands—are you a flag waver or a bailer?

Steven R. Ariens, P.D.
Consumer Pharmacy & Homecare Center
New Albany, Ind.

DRUG STORE NEWS
INSIDE
PHARMACY
PHARMACIST EDITION

Pharmacists define technician's role



"Until a few years ago, many pharmacy technicians didn't even know that's what they were." —APT's Smith

Continued from page IP1

Much of the controversy centers on pharmacists' fear that technicians will eventually move into roles previously reserved solely for pharmacists, such as counting and pouring.

"There really is apprehension among retail pharmacists," says Lorna M. Smith, president of the Association of Pharmacy Technicians (APT). "They're afraid we're going to take over their job. I tell them there's no way we could take over their job — we don't have the education and license to do so.

"The controversy over techs has been going on for years, but hasn't been publicized that much until recently," she continued. "They (pharmacists) act like they just noticed that we're there all of a sudden—like we're some kind of disease. They say 'we've got these technicians here now —what are we going to do with them?'"

Smith advocates a national certification system for technicians. To that end, APT has formed committees to work on a correspondence course especially for techs.

Some state associations, such as Michigan and New Hampshire, have set up their own certification programs, aimed at improving the knowledge base and credibility of technicians.

In 1981, the Michigan Pharmacists Association, realizing the need for technicians to have some kind of formal education, set up its Pharmacy Certified Technician (PCT) program. The association also set up an MPA affiliated chapter in 1984, the Michigan Society of Pharmacy Technicians (MSPT) to serve the technician sector in the state.

Larry D. Wagenknecht, executive director MPA, explained that the association conducts a full-day exam twice a year which includes questions on basic science, math and pharmacology areas. Individuals must also be familiar with common drugs — their brand and generic names — as well as basic allegations and dilutions, he added.

"The philosophy in Michigan is a little different," Wagenknecht said. "It's so competitive price-wise and pharmacists realize they cannot afford to do all of the counting and pouring and they must use these techs in order to survive. It's the only thing we could do to deal with the competition."

Difference of opinion

Other states, such as Texas and California, are taking steps to define the role of the pharmacy technician. On average, most states advocate a 1:1 ratio, but oppose certification or licensure of technicians.

In Texas, the issue of technicians' duties ended in a court battle. Texas Pharmaceutical Association recently settled a lawsuit with the state board which resulted in a regulation stating the pharmacist has the ultimate authority for supervision of supportive personnel and is responsible for their training.

In California, a similar regulation is under review to allow non-licensed personnel to assist pharmacists in the community setting, according to Patty Harris, assistant executive officer of the California State Board of Pharmacy. The regulation was sent to the Office of Administrative Law, and a decision is due this month.

Baby steps

Harris states that certification in California will be a while in coming if the regulation passes.

"We've got to take the baby step first and get recognized in the community setting first," she said. "Let's get some history there. Then I think we might evolve to where we'll have voluntary certification through different associations and companies."

State boards and associations aren't the only ones interested in technician certification. Bob Duffy, vp-professional services at Happy Harry's, states that his chain plans to roll out a certification process by the beginning of the year.

"It's going to be a series of testing, with three different stages of testing and three different levels of certification, defining and recognizing the role and knowledge of the tech," he explained.

"There's no question about it in my mind that if properly monitored, I think the role of technicians is extremely valuable," he continued. "If we provide a higher level of training, then we're even better off."

National attention

The issue of defining a pharmacy technician's duties has drawn national attention and a heightened awareness in the pharmaceutical community. Last year, for example, the University of Maryland Center on Drugs and Public Policy conducted an Invitational Conference on Technical Personnel in Pharmacy. More than 70 pharmacists and pharmacy technicians discussed certification and training requirements, the pharmacist-technician relationship, and the legal constraints imposed on the use of technicians. This was one of the first efforts of its kind to bring together pharmacists and technicians — in a harmonious fashion.

Many technicians are also joining associations such as the Association of Pharmacy Technicians to let their voice be heard.

"Until a few years ago, many pharmacy technicians didn't even know that's what they were," APT's Smith said. "A lot of techs are pharmacy students waiting to get their degrees. Others are people who just draw a paycheck. But the majority are really career-minded people. Most are very involved in their jobs and are very motivated and dedicated to health care."

The association currently has over 600 members, ranging from 16 to 18 different fields in pharmacy, according to Smith. The majority are from hospitals, but the numbers are increasing from home health care, nursing homes and related areas, she added.

Salaries vary

Salaries for technicians vary greatly. In an APT 1985 survey, the salary range for technicians was between $8,000 and $25,000. Smith expects technicians' salaries to increase in the future as more seek specialized positions within pharmacy.

Michigan's Wagneknecht agrees. "Pharmacists have to realize that some tasks could be performed by technicians," he said. "You don't use 5 to 6 years of education just to go out and count and pour. Unless we can get ourselves away from that, I think our profession is in serious trouble. We need to move toward providing patient information and patient care management.

"This is where we're going to look toward our national organizations so that between all of us, we can really put our arms around a direction that will lead pharmacy into the future, instead of building a wall around ourselves and letting technology go beyond us."

Demographic data

Practice Classification	
Independent Pharmacy	35%
Hospital Pharmacy	39%
Chain Pharmacy	10%
*Other	16%

(*Examples include HMO's home health care, and teaching)

Average Years as a pharmacy technician	.8
Average years in present location by practice classification	
Independent	.8
Hospital	.6
Chain	.8
Other	.6

Average age for all pharmacy technicians	.35
By classification:	
Independent	.33
Hospital	.35
Chain	.37
Other	.38

Sex of respondants:	
Females	88%
Male	12%

Source: 1988 Pharmacy Technician Economic Survey; Michigan Pharmacists Association.

Average Hourly Base Wage

1983	$6.43
1984	6.99
1985	7.22
1986	7.16
1987	6.85
1988	7.62

Source: 1988 Pharmacy Technician Economic Survey; Michigan Pharmacists Association.

Comparison of wage and duty hours

Average:	Hourly rate	Salary per week	Duty hours	% change from 1987
Independent	$6.85	$298.87	36	+ 6%
Hospital	8.02	279.67	36	+ 5
Chain	6.40	230.00	37	+ 13
Other	9.70	348.75	38	+ 30
All	7.62	293.76	36	+ 10

Source: 1988 Pharmacy Technician Economic Survey; Michigan Pharmacists Association

BEST COPY AVAILABLE

DRUG STORE NEWS®
INSIDE PHARMACY
PHARMACIST EDITION

Brand awareness drives OTC buying habits

Continued from page IP1

According to the 1989 *Drug Store News* Consumer Brands Preference Study (a telephone survey that investigated buying habits of 600 female shoppers 18 years of age or older in six major markets), 83 percent of the shoppers polled reported that brand is a very important factor in their decision to purchase one OTC pharmaceutical product over another. The survey investigated some of the hottest OTC categories in the marketplace, including cough/cold, analgesics, eye care/lens care, laxatives and dental.

Although dental products such as toothpaste, mouthwashes and rinses were once perceived as toiletries in the minds of many consumers, advanced formulas to fight plaque and tartar have prompted many drug store owners to planogram them closer to more familiar OTC pharmaceutical categories.

No doctor visit

Over-the-counter pharmaceutical products enjoy their healthy sales picture, in part, because of a desire by many consumers to treat uncomplicated medical problems themselves, avoiding a costly visit to their family doctor.

As Jack Walden, senior vp and director of public affairs for the Nonprescription Drug Manufacturers Association, points out: "The average OTC [remedy] still costs about $2.50, and you can still cure a headache for less than a dime."

Media blitz

While trends like Rx-to-OTC switches and self-care are important to increased OTC sales, nothing promotes brand preference like advertising and public relations campaigns.

While advertising is an obvious method of increasing brand awareness, companies occasionally are treated to "free" advertising, thanks to important medical studies that can have a profound effect on specific product categories. A good example in the analgesic category is the surge of aspirin sales after *The New England Journal of Medicine* published an article reporting that taking aspirin daily reduces the risk of heart attacks. Similarly, another study reporting that bulk laxatives can lower cholesterol spurred growth in the laxative category.

Store managers' brand preferences: analgesics

(% mentioning brand)

Tylenol	58%
Advil	21
Bayer	7

. . . cough/cold

(% mentioning brand)

Robitussin	57%
Dimetapp	11
Nyquil	8

. . . eye care/lens care

(% mentioning brand)

Bausch & Lomb	59%
Visine	9
Alcon	6

Source: Alert Marketing, Inc.

Number of regular OTC brand users: how six major markets rank

1. Atlanta
2. Chicago
3. Houston
4. Wash., D.C.
5. Los Angeles
6. Boston

Source: Fairfield Research, Inc.

Brand loyalty

One should not confuse brand preference with brand loyalty. An example of an OTC product category having a high degree of brand preference with relatively low brand loyalty is the cough/cold category. According to the study, 88 percent of the shoppers questioned said they normally choose a cough/cold product based on a specific brand. However, two out of five survey respondents said they would switch to another brand if the store did not have their regular brand in stock.

Cough/cold OTC sales benefit from pharmacists' recommendations and from planograms which place them near the allergy medicines.

CONSUMER BRANDS PREFERENCE STUDY

The study did uncover another OTC category that does couple high brand preference with the highest degree of loyalty among the shoppers. That category is eye care/lens care. Ninety-one percent said they would go to another store or wait until their own drug store had their regular brand if they didn't find it in the store they usually shop.

Most shoppers who wear contact lenses feel their eyes are too "valuable" to take a chance on an unproven brand and therefore are more likely to purchase and stick to a specific brand recommended by their doctor. For that reason, manufacturers of OTC lens care products concentrate heavily on detailing to fitters of contact lenses by giving away (or selling for a nominal charge) "starter kits" of cleaning and saline solutions used by contact lens wearers. Industry observers said that brand loyalty of eye care/lens care products lasts about one year. After that, there is some switching, but relative to the other OTC categories looked at in the study, the switching is nominal.

The study found that 86 percent of those polled said they buy a regular brand of laxatives, while only 10 percent said they would switch if they couldn't get their brand at their drug store.

But the link between brand preference and brand loyalty is not as strong when it comes to dental products like toothpaste, mouthwashes and rinses. Although the study showed the purchase of these dental products carries the strongest brand preference among consumers, dental is also the most highly substituted category when consumers' specific brands are not readily available. According to the study, a resounding 94 percent of the shoppers said they buy toothpaste, mouthwash and rinses based on brand preference, while more than half (55 percent) said they would substitute another toothpaste, and 32 percent said they would substitute another mouthwash/rinse brand, if their store did not have their regular brand in stock.

Analgesics

Despite some temporary dips in Tylenol's sales during the cyanide tamperings of the early '80s, the non-aspirin analgesic remained a best-seller among adults and parents of small children, due mainly to strong relationships McNeil forged with pediatricians and family physicians, and questions about aspirin's role in Reyes' Syndrome.

With the introduction of OTC ibuprofen, the first chemical entity to enter the OTC analgesic category in several decades, observers speculated that OTC ibuprofen would overtake Tylenol in sales.

But ibuprofen was to develop its own following. While Tylenol is taken by all ages, it has established a strong franchise among pediatricians who recommend the analgesic for their young patients. Ibuprofen, available as a prescription product in stronger strengths, was destined to be a hit primarily among adult consumers because of its image as a prescription analgesic, especially effective as an antiarthritic. It is not available over-the-counter as a drop, liquid or chewable, as is Tylenol.

Although aspirin sales remained essentially flat over the past several years, and practically nonexistent as a chewable children's dosage due to its link with Reyes Syndrome, the drug enjoyed a recent spurt in sales to adults thanks to a report linking it the prevention of heart attacks. The brand of aspirin most preferred by consumers in the study was Bayer.

Cough/cold

The $242 million OTC cough/cold product cateorgy continues to be a leader in drug stores.

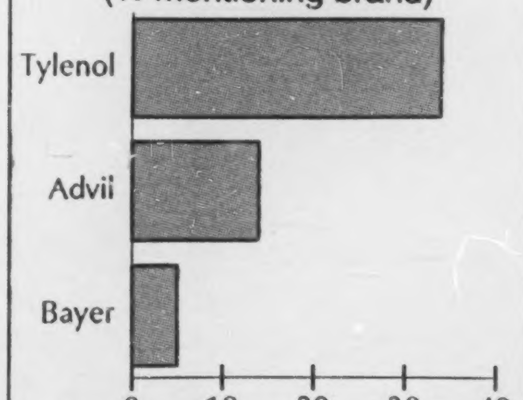
Probably no other OTC category has benefited more from Rx-to-OTC switches than has cough/cold products. But interestingly, the study revealed that switched products were not among those that had the highest brand preference among consumers.

While Robitussin is not a switched Rx-to-OTC product, it has benefited over the years from a professional advertising campaign that urges consumers to "ask their pharmacist or doctor" about the

Continued on page IP14

Consumers' favorite analgesic brands

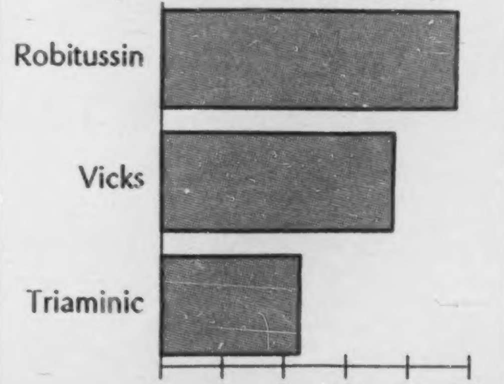
(% mentioning brand)



Source: Fairfield Research, Inc.

Consumers' favorite cough/cold brands

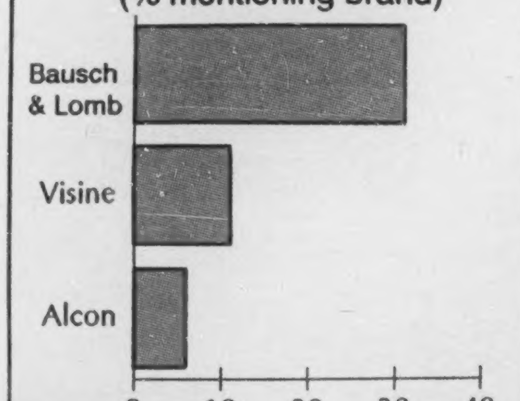
(% mentioning brand)



Source: Fairfield Research, Inc.

Consumers' favorite eye care/lens care brands

(% mentioning brand)



Source: Fairfield Research, Inc.

DRUG STORE NEWS
INSIDE
PHARMACY
PHARMACIST EDITION

CONSUMER BRANDS PREFERENCE STUDY

Store managers' brand preferences: laxatives

(% mentioning brand)

Metamucil	38%
Correctol	19
Maalox	13

Source: Alert Marketing, Inc.

Brand choices drive OTC buys

Continued from page IP13

product.

The category also benefits from most retailers' planogramming of allergy products together with cough/cold products. This has prompted some consumers to choose a cough/cold product when in actuality they wanted an allergy product, and vice versa.

Eye care/lens care

The majority of people purchasing OTC eye care/lens care products are contact lens wearers using a variety of solutions to disinfect and clean their lenses. Of the six OTC products mentioned by users of eye care/lens care products, four were for solutions used to clean or disinfect contact lenses and two were used to treat irritated eyes.

Compliance is a major factor for manufacturers and users of lens care products. Most lens users would rather forego a lengthy cleaning and disinfecting process for the newer "one-step" disinfectants.

Purchasers of eye care/lens care products are extremely brand loyal. Few stray from physicians' recommendations and remain loyal for approximately one year.

While there are a number of eye drops on the market to treat eye irritations due to allergies, Visine remains the most popular. Visine is heavily advertised to "get the red out," a condition experienced by just about everyone at one time or another. Like lens wearers, individuals who use eye drops for minor eye irritations are very brand loyal.

Almost one-third (31 percent) of polled consumers who have a regular brand said that recommendations from their pharmacist and/or physician were a reason they purchase one brand over another.

Laxatives

Convenience and targeted advertising campaigns are two important factors in the marketing of laxatives. While laxatives come in many different dosage forms, tablets and those in a chocolated dosage form proved to be the most popular among the consumers polled.

Topping the list of laxatives most preferred by consumers in the study was Correctol, chosen by 28 percent. (Keep in mind that the sample was made up of females, and Correctol is marketed directly to women.)

Another favorite, picked by 20 percent of the consumers, was Ex-Lax, available in its original chocolated form and also in tablets.

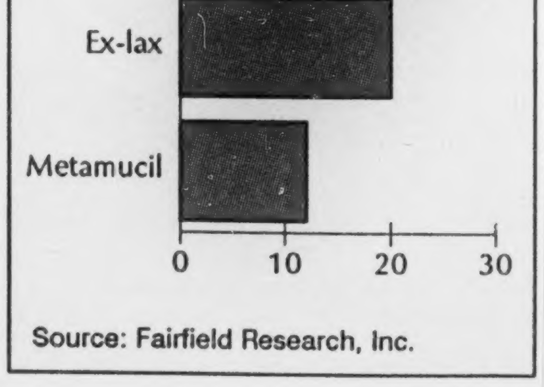
Medical claims linking bulk laxatives, such as Metamucil, to lowered cholesterol levels helped boost Metamucil into third place among consumers polled in the study.

Laxative buyers are very brand loyal. The study revealed that 80 percent purchased their regular major brand during their last purchasing episode with only 6 percent substituting their regular brand for another.

See page IP18 for dental care.

Consumers' favorite laxative brands

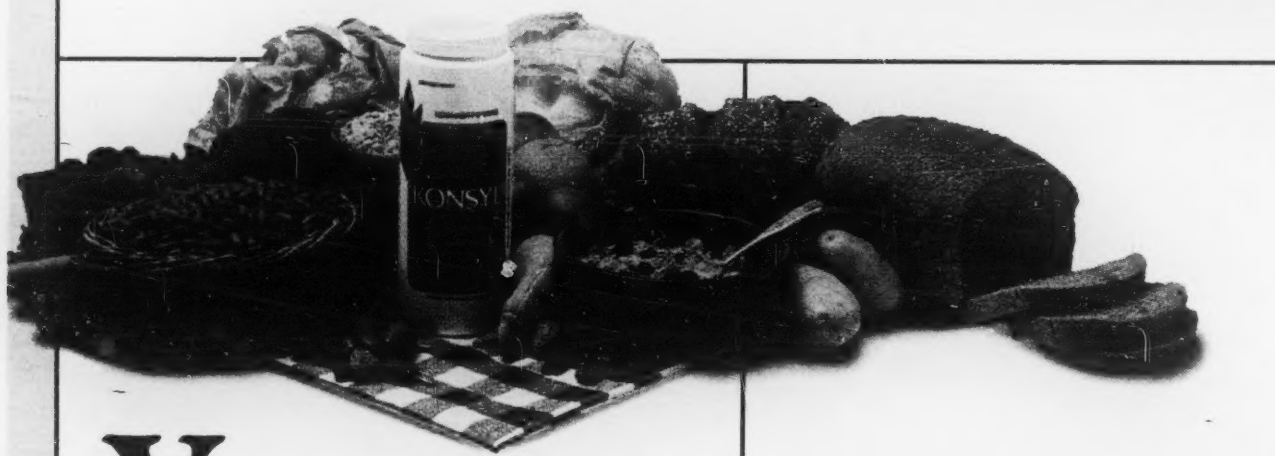
(% mentioning brand)



Source: Fairfield Research, Inc.

Konsyl®...
For Healthy Sales and Your Customers' Wellness

Stock, Promote, and Recommend Konsyl® Profitably.



You know the latest research. For optimum health, your customers need 25-30 grams of fiber per day. The problem is, the average American gets only 10-20 grams per day in his diet.

In addition to recommending better eating habits, you should consider recommending Konsyl. Your customers will find, by using Konsyl (the only fiber supplement with 6g of psyllium per dose), they can meet their daily dietary fiber requirements. You will find by stocking Konsyl, you are not only helping your customers' health, you are also increasing your sales volume and profit margin in your bulk laxative department.

Reasons to Stock Konsyl

- Over Thirty Years of Consistent Sales
- Increasing Consumer Promotion for Konsyl
- Ongoing New Distribution Program for OTC Placement
- Increasing Public Awareness of Konsyl via Public Relations Programs
- Increasing Medical Promotion of Konsyl

KONSYL ... Maximum soluble fiber for your improved health
SAVE $1.00

Over 7 million coupons distributed via F.S.I. and Physician Samples during 1989.

Diseases of the COLON & RECTUM
Practical Gastroenterology
SENIOR PATIENT
Straight Talk About Dietary Fiber

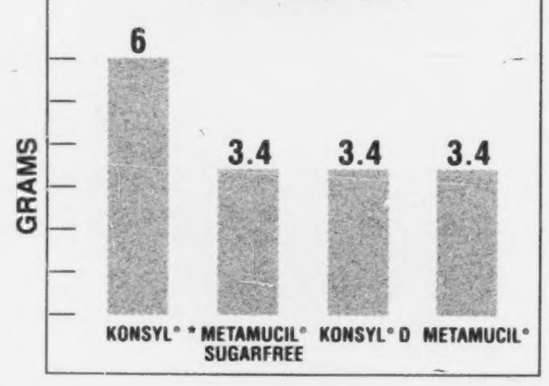
Reasons to Promote Konsyl

- Active Trade Promotion Program for OTC Placement
- Free Goods and Extra Dating on Specific Programs
- Co-op Advertising and Display Allowances
- Consumer Literature "Straight Talk About Dietary Fiber" Now Available

Reasons to Recommend Konsyl

- 100% Pure Psyllium (6g per dose)
- Sugar-Free and Sugar-Substitute Free
- Low Sodium
- Best Fiber Value Per Dose
- Start Your Customers on a Dependable Bulking Agent That Gives You a Fair Profit

Psyllium Content Of Leading Bulking Agents Per Dose (1 tsp)



When you recommend an outstanding product at a fair price, you should expect to make a reasonable profit.

LAFAYETTE

To place your Konsyl orders, contact:

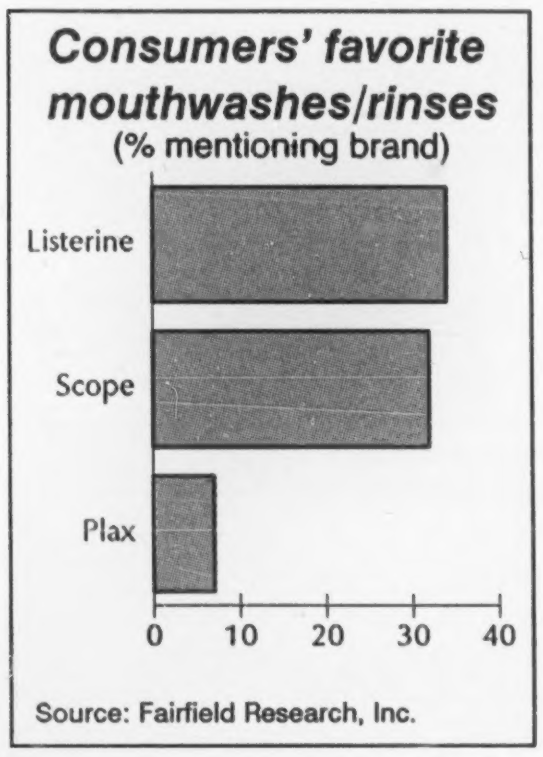
Lafayette Pharmaceutical, Inc.
4200 South Hulen
Fort Worth, Texas 76109
Phone: (817) 763-8011
Fax: (817) 731-9389

© 1989 Lafayette Pharmaceutical, Inc.

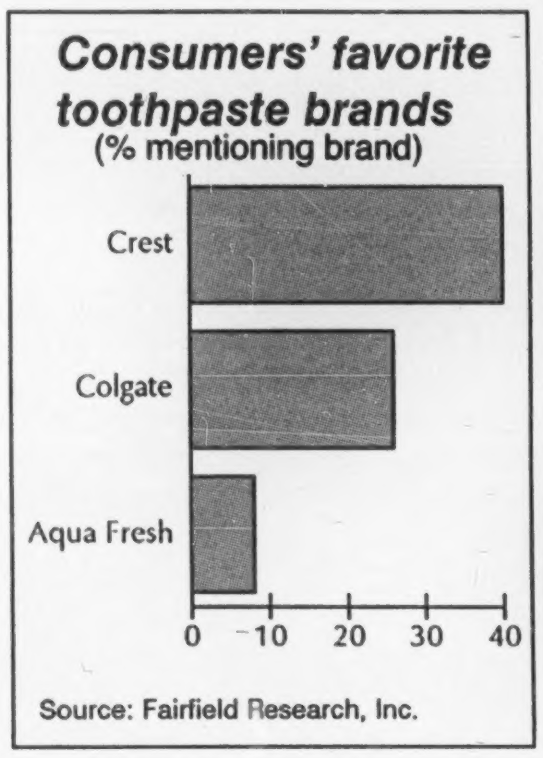
*Metamucil is a registered trademark of Proctor & Gamble, Cincinnati, Ohio.

Circle #8 on Reader Service Card

DRUG STORE NEWS®
INSIDE PHARMACY
PHARMACIST EDITION



Source: Fairfield Research, Inc.



Source: Fairfield Research, Inc.

Dental care customers bite for switch

CONSUMER BRANDS PREFERENCE STUDY

In the dental care category, although 94 percent of the consumers polled said they have a regular brand of toothpaste and mouthwash/rinse, they are also quite willing to switch brands if their regular brand is unavailable.

More than half the total sample (55 percent) said they would buy another brand of toothpaste if their regular brand wasn't in stock. And, 32 percent of mouthwash/rinse buyers would switch brands in that same instance.

Interestingly, product benefits such as plaque-removers, tartar control and fluoride additives did not rank high on the list of why consumers choose a particular toothpaste. Instead, the total sample chose Crest, Colgate and Aqua Fresh, in that order, based on their trust in the brand, good past experience, and habitual buying of these brands.

Store manager preferences concurred with consumer preferences.

Despite consumers' somewhat noncommittal attitude toward their brands' product benefits, manufacturers are still touting benefits of their tartar control paste and gel formulas, and pouring advertising dollars into their claims.

Mouthwashes and rinses

Almost six repondents out of every 10 bought a mouthwash/rinse within the last six months to supplement their brushing habits. Again, despite recent FDA queries into plaque-fighting labelling claims on mouthwashes and rinses, consumers are buying these products because of good past experiences with them, rather than paying much attention to the brand's touted benefits.

Mouthwash/rinse consumers, as a total sample, were less concerned with whether their brand rinses away tartar and makes their mouth feel clean and fresh than with whether they trusted their favorite brand and bought it habitually.

Consumers and store managers agreed on the the top three brands of mouthwashes/rinses: Listerine was ranked No. 1, followed by Scope and Plax.

It's no wonder that Warner Lambert's Listerine ranked the brand most preferred among consumers and store managers, since this old patent standby, in it's familiar package, has been around for ages.

Store managers' brand preferences: toothpaste

(% mentioning brand)

Crest	59.2%
Colgate	20.8
Aqua Fresh	5.8

Source: Alert Marketing

Store managers' brand preferences: mouthwash/rinse

(% mentioning brand)

Listerine	53.3%
Scope	25.9
Plax	10.0

Source: Alert Marketing

A NEW CHOICE FOR PEDIATRIC CARE

Children's Advil®
(ibuprofen)
Suspension
100mg/5mL

BRIEF SUMMARY OF PRESCRIBING INFORMATION
CONTRAINDICATIONS: Patients hypersensitive to ibuprofen or patients with all or part of the syndrome of nasal polyps, angioedema, and bronchospastic reactivity to aspirin or other nonsteroidal anti-inflammatory agents. Anaphylactoid reactions to ibuprofen have occurred in such patients.
WARNINGS: Risk of GI Ulcerations, Bleeding, and Perforation with NSAID Therapy: Physicians should remain alert for ulceration and bleeding in patients treated chronically with NSAIDS even in the absence of previous GI tract symptoms. In patients observed in clinical trials of several months' to two years' duration, symptomatic upper GI ulcers, gross bleeding or perforation appear to occur in approximately 1% of patients treated for 3-6 months, and in about 2-4% of patients treated for one year.
Except for a prior history of serious GI events and other risk factors known to be associated with peptic ulcer disease, no risk factors have been associated with increased risk. Elderly or debilitated patients seem to tolerate ulceration or bleeding less well than other individuals and most spontaneous reports of fatal GI events are in this population.
PRECAUTIONS: General: Because serious GI tract ulceration and bleeding can occur without warning symptoms, physicians should follow chronically treated patients for the signs and symptoms of ulceration and bleeding.
Blurred and/or diminished vision, scotomata, and/or changes in color vision have been reported. If a patient develops such complaints the drug should be discontinued and the patient should have an ophthalmologic examination.
Fluid retention and edema have been reported with ibuprofen; therefore, the drug should be used with caution in patients with a history of cardiac decompensation or hypertension.
Ibuprofen can inhibit platelet aggregation and prolong bleeding time. CHILDREN'S ADVIL® SUSPENSION should be used with caution in persons with intrinsic coagulation defects and those on anticoagulant therapy.
The antipyretic and anti-inflammatory activity of ibuprofen may reduce fever and inflammation, thus diminishing their utility as diagnostic signs in detecting complications of presumed noninfectious, noninflammatory painful conditions.
Small decreases (usually not exceeding one gram) in hemoglobin and hematocrit with an apparent dose response relationship have been observed following chronic administration. If there are no signs of bleeding, it is probably not clinically important.
To avoid exacerbation of disease or adrenal insufficiency, patients on prolonged corticosteroid therapy should have their therapy tapered slowly when CHILDREN'S ADVIL® SUSPENSION is added to the treatment program.
Aseptic meningitis: Aseptic meningitis with fever and coma has been observed on rare occasions in adult patients on ibuprofen therapy. Although it is more likely to occur in patients with systemic lupus erythematosus and related connective tissue diseases, it has been reported in adult patients who do not have underlying chronic disease. If signs or symptoms of meningitis develop in a patient on CHILDREN'S ADVIL® SUSPENSION, the possibility of its being related to ibuprofen should be considered.
Renal Effects: As with other nonsteroidal anti-inflammatory drugs, long-term administration of ibuprofen to animals has resulted in renal papillary necrosis and other abnormal renal pathology. In humans, there have been reports of acute interstitial nephritis with hematuria, proteinuria, and occasionally nephrotic syndrome.
A second form of renal toxicity has been seen in patients with prerenal conditions leading to reduction in renal blood flow or blood volume. In these patients, administration of a nonsteroidal anti-inflammatory drug may cause a dose dependent reduction in prostaglandin formation and precipitate overt renal decompensation. Patients at greatest risk of this reaction are those with impaired renal function, heart failure, liver dysfunction, and those taking diuretics and the elderly. Those patients at high risk who chronically take CHILDREN'S ADVIL® SUSPENSION should have renal function monitored if they have signs or symptoms of azotemia. Discontinuation of nonsteroidal anti-inflammatory drug therapy is typically followed by recovery to the pretreatment state.
Since ibuprofen is eliminated primarily by the kidneys, patients with significantly impaired renal function should be closely monitored and a reduction in dosage should be anticipated to avoid drug accumulation.
Information for Patients: Physicians may wish to discuss with their patients the potential risks and likely benefits of treatment with CHILDREN'S ADVIL® SUSPENSION.
Laboratory Tests: Meaningful (3 times the upper limit of normal) elevations of SGPT or SGOT (AST) occurred in controlled clinical trials in less than 1% of patients. A patient with symptoms and/or signs suggesting liver dysfunction, or in whom an abnormal liver test has occurred, should be evaluated for evidence of the development of more severe hepatic reactions while on therapy with ibuprofen. If abnormal liver tests persist or worsen, if clinical signs and symptoms consistent with liver disease develop, or if systemic manifestations occur, CHILDREN'S ADVIL® SUSPENSION should be discontinued.
Diabetes: Each 5 mL of CHILDREN'S ADVIL® SUSPENSION contains 2.5 g of sucrose which should be taken into consideration when treating patients with impaired glucose tolerance. It also contains 350 mg of sorbitol per 5 mL. Although in clinical trials CHILDREN'S ADVIL® SUSPENSION was not associated with more diarrhea than control treatments, should a patient develop diarrhea, the physician may wish to review the patient's dietary intake of sorbitol from other sources.
Drug Interactions: *Coumarin-type Anticoagulants:* Bleeding has been reported when ibuprofen and other nonsteroidal anti-inflammatory agents have been administered to patients on coumarin-type anticoagulants; the physician should be cautious when administering CHILDREN'S ADVIL® SUSPENSION to patients on anticoagulants.
Aspirin: Concurrent use of aspirin is not recommended.
Methotrexate: In vitro studies indicate that ibuprofen could enhance the toxicity of methotrexate. Caution should be used if CHILDREN'S ADVIL® SUSPENSION is administered concomitantly with methotrexate.
H_2 Antagonists: In studies with human volunteers, coadministration of cimetidine or ranitidine with ibuprofen had no substantive effect on ibuprofen serum concentrations.
Furosemide: Ibuprofen can reduce the natriuretic effect of furosemide and thiazides in some patients. During concomitant therapy with CHILDREN'S ADVIL® SUSPENSION, the patient should be observed closely for signs of renal failure as well as to assure diuretic efficacy.
Lithium: Ibuprofen produced an elevation of plasma lithium levels (15%) and a reduction in renal lithium clearance (19%) in a study of 11 normal volunteers during the period of concomitant drug administration. Patients should be observed carefully for signs of lithium toxicity. Read package insert for lithium before its use.
Pregnancy: Administration of ibuprofen is not recommended during pregnancy or for use by nursing mothers.
Infants: Safety and efficacy of CHILDREN'S ADVIL® SUSPENSION in children below the age of 12 months have not been established.
ADVERSE REACTIONS: The most frequent type of adverse reaction occurring with CHILDREN'S ADVIL® SUSPENSION is gastrointestinal. In clinical trials among adults involving chronic administration of ibuprofen, the percentage of patients reporting one or more gastrointestinal complaints ranged from 4% to 16%.
Incidence Greater Than 1% (but less than 3%), Probable Causal Relationship
Gastrointestinal: Nausea,* epigastric pain,* heartburn,* diarrhea, abdominal distress, nausea and vomiting, indigestion, constipation, abdominal cramps or pain, fullness of the GI tract (bloating and flatulence).
Central Nervous System: Dizziness,* headache, nervousness.
Dermatologic: Rash (including maculopapular type),* pruritus.
Special Senses: Tinnitus.
Metabolic/Endocrine: Decreased appetite.
Cardiovascular: Edema, fluid retention (generally responds promptly to drug discontinuation) (see PRECAUTIONS).
*Reactions occurring in 3% to 9% of adult patients treated with ibuprofen.
Precise Incidence Unknown (but less than 1%), Probable Causal Relationship
Gastrointestinal: Gastric or duodenal ulcer with bleeding and/or perforation, gastrointestinal hemorrhage, pancreatitis, melena, gastritis, hepatitis, jaundice, abnormal liver function tests.
Dermatologic: Vesiculobullous eruptions, urticaria, erythema multiforme, Stevens-Johnson syndrome, alopecia.
Central Nervous System: Depression, insomnia, confusion, emotional lability, somnolence, aseptic meningitis with fever and coma.
Special Senses: Hearing loss, amblyopia (blurred and/or diminished vision, scotomata and/or changes in color vision) (see PRECAUTIONS).
Hematologic: Neutropenia, agranulocytosis, aplastic anemia, hemolytic anemia (sometimes Coombs' positive), thrombocytopenia with or without purpura, eosinophilia, decreases in hemoglobin and hematocrit (see PRECAUTIONS).
Cardiovascular: Congestive heart failure in patients with marginal cardiac function, elevated blood pressure, palpitations.
Allergic: Syndrome of abdominal pain, fever, chills, nausea and vomiting, anaphylaxis, bronchospasm (see CONTRAINDICATIONS).
Renal: Acute renal failure in patients with preexisting significantly impaired renal function (see PRECAUTIONS), decreased creatinine clearance, polyuria, azotemia, cystitis, hematuria.
Miscellaneous: Dry eyes and mouth, gingival ulcers, rhinitis.
Precise Incidence Unknown (but less than 1%), Causal Relationship Unknown
Central Nervous System: Paresthesias, hallucinations, dream abnormalities, pseudotumor cerebri.
Dermatologic: Toxic epidermal necrolysis, photoallergic skin reactions.
Special Senses: Conjunctivitis, diplopia, optic neuritis, cataracts.
Hematologic: Bleeding episodes (eg, epistaxis, menorrhagia).
Metabolic/Endocrine: Gynecomastia, hypoglycemic reactions, acidosis.
Cardiovascular: Arrhythmias (sinus tachycardia, sinus bradycardia).
Allergic: Serum sickness, lupus erythematosus syndrome, Henoch-Schonlein vasculitis, angioedema.
Renal: Renal papillary necrosis.
OVERDOSAGE: Patients with a history of ingestion of greater than 100 mg/kg should have induced emesis or gastric lavage. Multiple dose oral administration of activated charcoal may be useful. Supportive therapy may include oxygen, respiratory support, and parenteral fluids. Because the drug is acidic and excreted in the urine, administration of sodium bicarbonate and induction of diuresis may be beneficial.
DOSAGE AND ADMINISTRATION: Juvenile arthritis: 30-40 mg/kg day in 3 or 4 divided doses
Fever: 5 mg/kg if baseline temperature is 102.5°F or below or 10 mg/kg if baseline temperature is greater than 102.5°F every 6-8 hours (children); 400 mg every 4-6 hours (adults)
RA and OA: 1200-3200 mg per day in 3 or 4 divided doses
Mild to moderate pain in adults: 400 mg every 4 to 6 hours
Dysmenorrhea: 400 mg every 4 hours
HOW SUPPLIED: 4 and 16 oz. bottles
Caution: Federal law prohibits dispensing without prescription.

References:
1. Walson PD, Galletta G, Braden NJ, Alexander L. Ibuprofen, acetaminophen, and placebo treatment of febrile children. *Clin Pharmacol Ther.* 1989;46:9-17.
2. Independent Clinical Study: Reduction of Fever in Children, Multiple Dose. Data on file, Medical Department, Whitehall Laboratories.
3. Independent Clinical Study: Juvenile Arthritis. Data on file, Medical Department, Whitehall Laboratories.

WHITEHALL LABORATORIES
A HEALTH CARE DIVISION OF
AMERICAN HOME PRODUCTS CORPORATION

© 1989 Whitehall Laboratories, N.Y., N.Y.

Mixed results reported by Thrifty and parent co.

LOS ANGELES — Sharp discounting in key markets sapped Thrifty Corp.'s operating income for the third quarter ended Sept. 30, despite increased sales, according to company officials.

Operating income declined 15 percent, to $11 million for the quarter, from $13 million posted in the same period last year. Sales increased 19 percent to $763 million, as store count rose to 1,044 units; sales for stores open a year or more increased 3.8 percent.

Thrifty's parent company, Pacific Enterprises, saw third-quarter operating income rise from last year's $81 million to $84 million, while net income declined from $65 million last year to $49 million. A major real estate sale in last year's period boosted income levels by $16 million, noted Paul Miller, Pacific's chairman.

Arbor posts dividend in record 1st qtr.

TROY, Mich. — Arbor Drugs, Inc. posted a 52.7-percent increase in net income on sales increases of 17.1 percent for its first quarter ended Oct. 31. The $2.4 million in income, on $79.2 million in sales, was acheived with comparable store sales up 12.5 percent for the quarter, according to Eugene Applebaum, Arbor's chairman, president and ceo.

The board of directors declared a 4-cent cash dividend payable Jan. 2, 1990 to shareholders of record on Dec. 19, 1989.

Longs third qtr. sees hikes in net, sales

WALNUT CREEK, Calif. — Longs Drug Stores' third quarter ended Oct. 26 saw an 9-percent increase in net (to $12.7 million) and a 11-percent sales increase (to $509.8 million), the company announced.

Sales for the nine-month period also increased 9 percent, to $1.50 billion.

A quarterly dividend of 24 cents was declared by the board of directors, payable Jan. 3, 1990 to shareholders of record on Nov. 28, 1989.

Big B's 3rd quarter: sales up, net down

BIRMINGHAM, Ala. — Financing costs and one-time expenses related to the recent acquisition of 85-store Reed Drug caused Big B, Inc. to post a $584,000 loss in net income for the third quarter ended Oct. 21, even though the chain achieved record sales of $285.0 million, a 51.4-percent increase.

The company's board of directors approved a 4-cent divident, payable Dec. 15, to shareholders of record on Dec. 1, 1989.

Safeway's sales, profits gain in third quarter

OAKLAND, Calif. — Safeway Stores, Inc.'s third quarter ended Sept. 9 saw sales increase 4.2 percent to $3.31 billion, with operating profits up 29.6 percent to $112 million.

Company officials cited cost controls and customer-friendly store environments as contributing to a turnaround in net income. For the quarter, net income $7.1 million, compared to last year's $23.0 million, a period that saw $23.5 million in asset divestiture gains. Income for the year to date has reached $23.5 million, compared with a $4.6-million loss tallied by this time last year.

FoxMeyer's 2nd qtr. achieves turnaround

PITTSBURGH — Last year's restructuring of FoxMeyer Drug Co., the drug distribution unit of National Intergroup's FoxMeyer Corp., has begun to pay off, according to corporate officials. For the second quarter ended Sept. 30, FoxMeyer Drug Co. posted operating income figures of $8.9 million on sales of $595.0 million, compared to the $11.9-million-loss on $521.8 million in sales for last year's period.

FoxMeyer Corp. (comprised primarily of FoxMeyer Drug Co. and Ben Franklin Stores, Inc.), showed $6.5 million in operating income on $688.4 million in sales for the period, compared to the loss of $36.5 million incurred on $612.0 million in sales last year. Second-quarter results for National Intergroup itself saw net income of $8.6 million on $747.8 million in sales, compared to last year's net loss of $50.3 million on $623.5 million in sales.

Coutu Group gains

LONGUEIL, Québec — The Jean Coutu Group reported a 13-percent gain in revenues, to $124.0 million (Canadian), and a 35-percent increase in net earnings, to $6.5 million, for the first quarter ended Aug. 31.

The company declared a quarterly dividend of 3 cents payable Nov. 15 to shareholders of record Nov. 1.

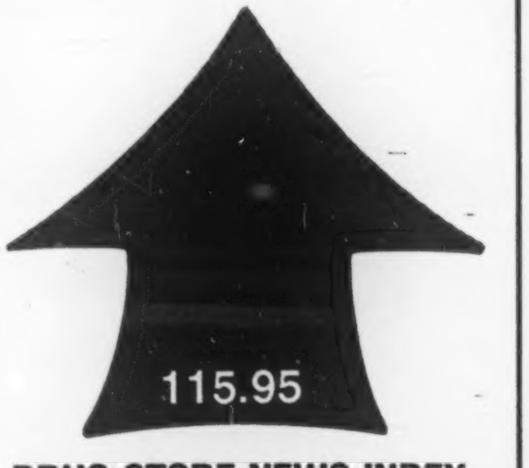
MARKET DIARY:

Largest Dollar Gainer	Warner-Lambert	$ 7.38
Largest Dollar Loser	Melville Corp.	$− 2.38
Largest Percentage Gainer	Perry Drug	19.05%
Largest Percentage Loser	Zenith Labs	−42.86%

Advances	37
Declines	18
Unchanged	3
New highs	12
New lows	5

	Close 11/7/89	Close 11/28/89	Net Change	Percent Change
Dow Jones Industrial Average	2597.13	2702.01	104.88	4.04
Standard & Poor's 500-Stock Index	334.81	345.77	10.96	3.27
N.Y.S.E. Composite	185.74	191.34	5.60	3.01
Value Line Index	254.76	258.81	4.05	1.59

Source: Nordby International Inc., Boulder, Colo.



DRUG STORE NEWS INDEX

Exch	Company	Ticker Symbol	Closing Price 11/7/89	Closing Price 11/28/89	Net Change In Period	Percent Change In Period	P/E Ratio	Annual Dividend Rate	Annual Dividend Yield	Annual High	Annual Low
Chain store transactions											
OTC	Arbor Drugs	ARBR	19.00	19.00	0.00	0.00	20	0.16	0.84	24.75	8.25
OTC	Big B	BIGB	13.00	12.88	−0.13	−0.96	18	0.16	1.24	15.25	10.63
OTC	Drug Emporium	DEMP	8.88	7.88	−1.00	−11.27	11	0.20	2.54	16.38	6.38
NYS	Fay's Inc.	FAY	11.50	11.75	0.25	2.17	15	0.20	1.70	15.00	8.63
ASE	Genovese Drug	GDX.A	10.88	10.50	−0.38	−3.45	15	0.24	2.29	12.88	8.75
OTC	Leroy Pharmacies (L)	LERY	4.25	3.63	−0.63	−14.71	26	0.00	0.00	5.38	3.63
NYS	Longs Drug Stores	LDG	42.38	43.88	1.50	3.54	15	0.96	2.19	46.00	33.63
OTC	Medicine Shoppe (H)	MSII	31.25	32.50	1.25	4.00	24	0.24	0.74	34.75	20.75
NYS	Perry Drug	PDS	7.88	9.38	1.50	19.05	10	0.00	0.00	13.50	5.25
NYS	Rite Aid Corp.	RAD	37.50	38.50	1.00	2.67	16	0.80	2.08	41.13	29.13
NYS	Walgreen Co.	WAG	41.63	44.75	3.13	7.51	18	0.80	1.79	50.25	29.88
Wholesaler's transactions											
ASE	Bergen Brunswig	BBC	23.75	24.88	1.13	4.74	13	0.32	1.29	27.25	17.00
OTC	Bindley Western Ind.	BIND	9.63	9.88	0.25	2.60	16	0.00	0.00	10.63	6.63
OTC	Cardinal Distribution	CDIC	20.50	22.00	1.50	7.32	17	0.08	0.36	22.50	12.88
OTC	Durr-Fillauer	DUFM	20.13	21.50	1.38	6.83	14	0.24	1.12	23.25	16.25
ASE	Ketchum (L)	KCH	3.63	3.25	−0.38	−10.34	−1	0.00	0.00	7.63	3.25
NYS	McKesson Corp.	MCK	35.63	36.38	0.75	2.11	16	1.44	3.96	39.75	29.63
ASE	Moore Medical (L)	MMD	9.50	9.13	−0.38	−3.95	−3	0.00	0.00	15.13	8.25
NYS	Owens & Minor	OMI	12.25	12.50	0.25	2.04	24	0.24	1.92	15.88	11.25
Manufacturer's transactions											
NYS	Abbott Labs (H)	ABT	64.13	69.88	5.75	8.97	19	1.40	2.00	69.88	44.50
ASE	Alou (L)	ALU	2.50	2.25	−0.25	−10.00	9	0.00	0.00	3.00	2.13
NYS	American Home Products (H)	AHP	103.50	105.50	2.00	1.93	15	3.88	3.68	109.00	78.25
NYS	Baxter International	BAX	22.63	24.38	1.75	7.73	17	0.56	2.30	24.38	16.38
OTC	Block Drugs Co.	BLOCA	37.00	36.75	−0.25	−0.68	15	0.68	1.85	37.00	29.38
ASE	Bolar Pharmaceutical	BLR	14.88	16.75	1.88	12.61	10	0.16	0.96	32.25	12.75
NYS	Bristol-Myers Squibb (H)	BMY	53.63	56.50	2.88	5.36	19	2.00	3.54	56.50	41.50
NYS	Carter-Wallace (H)	CAR	57.50	59.25	1.75	3.04	19	0.80	1.35	59.88	38.38
ASE	Forest Labs (H)	FRX	38.88	43.75	4.88	12.54	34	0.00	0.00	44.50	21.88
ASE	Halsey Drug	HDG	5.50	6.13	0.63	11.36	20	0.20	3.27	7.13	1.88
NYS	ICN Pharmaceutical	ICN	5.75	5.63	−0.13	−2.17	−27	0.00	0.00	7.00	5.13
ASE	Lee Pharmaceutical	LPH	2.88	2.75	−0.13	−4.35	−15	0.00	0.00	5.38	2.50
ASE	Leiner P. Nutrition	PLI	12.88	11.13	−1.75	−13.59	13	0.00	0.00	14.25	7.25
NYS	Lilly Eli Co. (H)	LLY	62.00	66.88	4.88	7.86	22	1.32	1.97	68.38	42.38
NYS	Marion Labs	MKC	34.00	35.38	1.38	4.04	74	0.36	1.02	36.63	19.00
NYS	Merck Co. (H)	MRK	76.13	78.75	2.63	3.45	22	1.80	2.29	80.75	54.38
NYS	Mylan Labs (H)	MYL	20.13	22.25	2.13	10.56	52	0.20	0.90	24.75	7.50
OTC	Newport Pharmaceutical	NWPH	4.44	3.44	−1.00	−22.52	−13	0.00	0.00	6.63	1.75
NYS	Par Pharmaceutical	PRX	5.25	5.00	−0.25	−4.76	9	0.08	1.60	11.88	3.88
NYS	Pfizer Inc. (H)	PFE	67.75	74.50	6.75	9.96	17	2.20	2.95	74.50	54.00
NYS	Robins, A.H. (H)	RAH	35.75	36.75	1.00	2.80	20	0.00	0.00	38.00	22.63
NYS	Rorer Group	ROR	42.13	44.13	2.00	4.75	21	0.84	1.90	48.00	36.13
NYS	Schering Plough (H)	SGP	75.75	81.00	5.25	6.93	20	1.80	2.22	81.88	54.63
NYS	Syntex Corp.	SYN	46.88	48.75	1.88	4.00	17	1.48	3.04	54.50	36.50
OTC	Taro-Vit Industries	TAROF	1.38	1.38	0.00	0.00	46	0.00	0.00	1.88	0.81
NYS	Thiokol Inc.	TKC	13.25	13.00	−0.25	−1.89	10	0.28	2.15	121.00	12.38
NYS	Upjohn Co.	UPJ	36.75	38.13	1.38	3.74	19	1.00	2.62	42.13	27.00
NYS	Warner-Lambert	WLA	106.63	114.00	7.38	6.92	19	2.56	2.25	115.88	72.63
NYS	Zenith Labs (L)	ZEN	0.44	0.25	−0.19	−42.86	—	0.00	0.00	2.75	0.22
Other retailer transactions											
NYS	Albertson's	ABS	57.50	57.63	0.13	0.22	21	0.80	1.39	60.25	34.50
NYS	American Stores	ASC	54.50	57.13	2.63	4.82	24	1.00	1.75	72.50	51.50
NYS	Giant Food	GFS.A	28.88	27.75	−1.13	−3.90	16	0.48	1.73	36.25	21.88
NYS	K mart	KM	35.00	35.00	0.00	0.00	10	1.64	4.69	44.88	32.50
NYS	Kroger	KR	14.75	14.38	−0.38	−2.54	−8	0.00	0.00	19.75	8.38
NYS	Melville Corp.	MES	48.50	46.13	−2.38	−4.90	14	1.28	2.78	53.63	34.75
OTC	Fred Meyer	MEYR	17.63	18.00	0.38	2.13	13	0.00	0.00	23.00	14.38
NYS	Penney, JC	JCP	65.63	66.75	1.13	1.71	10	2.24	3.36	68.75	50.38
NYS	Smith's Food & Drug	SFD	22.00	22.50	0.50	2.27	20	0.20	0.89	25.00	20.50
NYS	Wal-Mart	WMT	41.25	43.13	1.88	4.55	25	0.20	0.46	44.00	29.63

Key: (H) = New high in period. (L) = New low in period. (d) = Deficit. NYS = New York. ASE = American. OTC = Over the counter. (s) = Reflects stock split.
Source: Nordby International, Inc., Boulder, Colorado

Drug Store News (ISSN 0191-7587) is published biweekly—every other Monday, monthly in July and December—by Lebhar-Friedman Inc., 425 Park Ave., New York, N. Y. 10022. Subscription rates: in-field subscribers, retailers and wholesalers, one year (23 issues) $19.50; two years $35. Manufacturers and their representatives $45; schools, libraries and all other out-of-field subscribers $95. Single copy rate $4. Foreign subscriptions: airmail only $125 per year.

Second-class postage paid at New York, N.Y. and additional mailing offices. Copyright © 1989 by Lebhar-Friedman Inc. All rights reserved. POSTMASTER: Please send address changes to Subscription Dept., Drug Store News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. For change of address six weeks notice to Subscription Dept., 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079 is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 11, No. 23 Dec. 11, 1989

C5150-2

DRUG ST WS®

SECOND CLASS

01Z4457
ATTN: SRI
KURT MILLS CONGRESSL INF 1F9
4520 E W HWY
BETHESDA MD 20814
JUN90DR

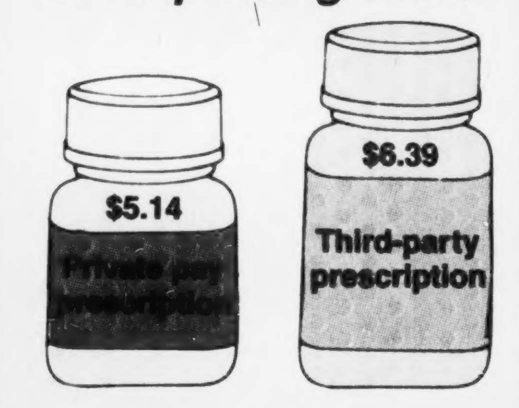
Vol. 12/No. 1 **Our 62nd year of serving chains, wholesalers and high-volume independents** Published by Lebhar-Friedman Inc. Jan. 8, 1990

TOP OF WEEK FEATURES

10 Hot Categories for the '90s

Drug store retailing is entering the last decade of the 20th century with a great deal in its favor. *DrSN* profiles those categories that are expected to drive sales in the '90s. Page 11

Rx Dispensing Costs



Source: NACDS Third-Party Impact Study

NACDS Third Party Cost Study Results

The results of NACDS' third party cost study confirm that it costs more to fill a third-party prescription than a private pay prescription. Page 34.

LATE NEWS

• **NEW YORK** — Although many drug chains reported a strong early selling season, bad weather—ranging from paralyzing ice storms in Florida to snow in New Orleans to 20-below-zero temperatures throughout the Midwest—chilled sales in the critical final days before Christmas for many drug chains operating in [illegible] and East Coast markets. [illegible] were [illegible] Christmas sales at [illegible], and a full report on what might be a less-than-[illegible] December '89 will appear in Drug Store News' Jan. 22 issue.

Eckerd expansion in high gear

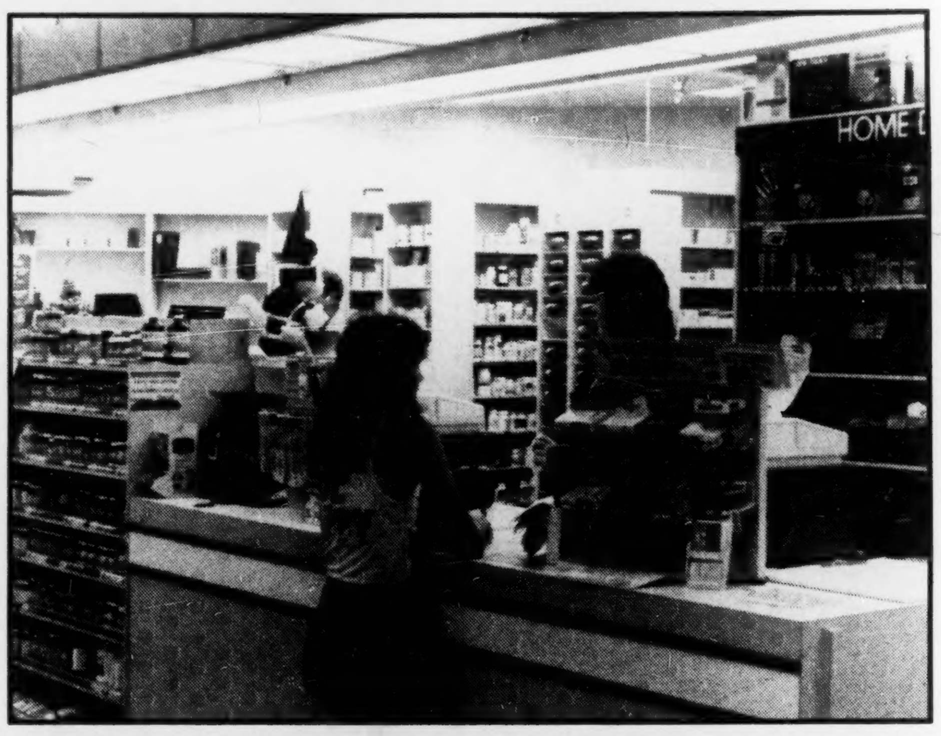
CLEARWATER, Fla. — Flush with a healthy cash flow and a revitalized store network, Eckerd Drug is expanding more aggressively and adding improvements to enhance its core business.

"Our plan is to add about 50 new stores a year; that's sort of our schedule," said Harry Lambert, Eckerd's president, in an interview at the company's headquarters here. "We've got plenty of site opportunities in our markets, and for now, there are no plans to expand outside the states we're already in."

Lambert added that the company's financial performance in the wake of its post-LBO turnaround has been such that "we've had no problem with our capital needs" in adding stores and improving Eckerd's retail systems. The chain made a series of acquisitions last year, including the seven-unit Hilley's chain in Texas and 10 SupeRx stores in North Carolina, and now numbers 1,605 drug stores in 14 states.

Meanwhile, Eckerd has made plenty of improvements in the stores. One major change is a redesigned pharmacy, with easier patient access to pharmacists and an easier working area for practitioners. The new layout, which Eckerd began retrofitting into existing remodeled stores in 1989, eliminates the clerk's

See **Eckerd** *page 41*



Eckerd's new pharmacy layout, which gives pharmacist direct access to patients, has drawn favorable response.

Under LBO pressure, SGC stays viable

Debt weighs heavy as rumors swirl, execs depart, Rickel slumps

WOODBRIDGE, N.J. — Is Supermarkets General Corp —burdened by a $2 billion LBO debt—going under, as some recent press reports suggested? Not according to competitors of its Pathmark drug store and supermarket division.

"That's a lot of ballyhoo. They have the highest-volume stores of anybody in the country [doing] $500,000 a week or more. I think if anything they've become a lot more aggressive [in pricing and advertising]," said one merchandise executive at a competing supermarket chain.

Slammed by debt, a slump at its Rickel Home Center division, and a mass exodus of top executives, SGC has been the target of sober-toned stories by the business press.

But options remain. And the 142-store Pathmark division hasn't lost face with the consumer in its battle with A&P, ShopRite, and Grand Union, according to executives at those companies.

The company reportedly might sell off a division such as Rickel, which caused a $33.8 million charge in the third quatrer ended Oct. 28 that plunged operating earnings to $11.9 million, compared with $43.8 million in last year's quarter, according to an SEC report.

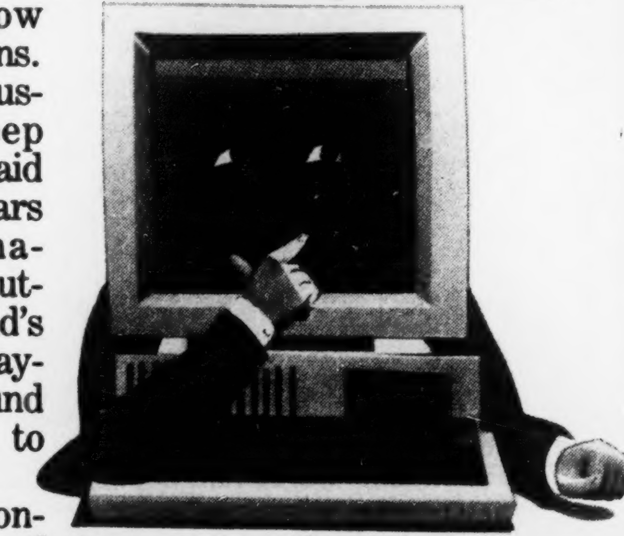
Overlooking those woes, operating earnings for the quarter were $45.7 million, up a respectable 13 percent

See **SGC,** *page 41*

'Thinking' computers may transform retail operations in the '90s

Technology Today, **by David Vaczek**

When chess champ Gary Kasparov recently beat "Deep Thought," the chess-playing computer, it caused speculation on how people make decisions.



For though the Russian whipped "Deep Thought," it was said that within a few years more powerful machines will easily outthink even the world's most advanced players. Kasparov found that forecast hard to swallow.

Retailers also confront the possibility that computers that mimic human intelligence will soon be a force to be reckoned with. Analysts say these "knowledge-based" or "expert systems" hold vast promise.

An expert system "contains the expertise of a human and applies that expertise like a human would apply it," says John McCann, a professor at Duke University's business school.

Thrifty Drug, Kroger, and K mart recently developed at Duke two "prototype" systems in a research project supported by IBM. One was for "new item analysis and decision," the second a "weekly merchandise

Continued on page 40

Perry turnaround nearing completion

PONTIAC, Mich. — Three years after stumbling into red-ink territory, a stripped-down, revved-up Perry Drug Stores seems to have regained solid footing. The chain is making money after two years of big losses, and posted net earnings of $7.1 million, on sales of $670 million, for the fiscal year ended Oct. 31, after applying tax-loss carryforwards.

Perry earned $1.3 million for the final quarter of the year, compared with a gain of $298,000 for the same period last year, prior to recording a $3.5 million tax benefit. Same-store sales are up more than 6 percent in conventional Perry drug stores in Michigan, and up about 8 percent in stores that have been remodeled in line with the chain's new "store of the '90s" format.

Another sign of health: the company is beginning to expand again in Michigan after several years of quiescence. Perry's store count shrunk to 114 units this year after several sites in Wisconsin and elsewhere were closed, but new units are going up in Ann Arbor, Grand Rapids, Madison Heights and other Michi-

See **Perry** *page 41*

Drug Store News' *Store Manager Training and Continuing Education programs help develop store managers and pharmacists.*
For information,
dial (212) 371-9400, x 380.

NEWS IN BRIEF

Smitty's chain again for sale

PHOENIX, Ariz. — Smitty's Super Valu, this city's chief food and combo store power, is again on the selling block.

The chain is being offered for sale by new parent company Socanav, a Montreal-based conglomerate which purchased Smitty's parent firm Steinberg last summer. Socanav is said to be in need of cash to pay down $300 million in debt following its acquisition of Steinberg for more than $1 billion.

Smitty's operates 24 stores, all in the greater Phoenix market, including 17 units with pharmacies.

McKesson tabs Johnson as PCS ceo

SAN FRANCISCO — McKesson Corp. named Robert C. Johnson, ceo of the California Pharmacists Association, ceo of PCS upon completion of a proposed buyout of all outstanding shares of PCS's common stock for $15 cash per share. McKesson currently owns approximately 86 percent of PCS's stock. McKesson came under fire recently when pharmacists who use the drug wholesaler put pressure on the company to stop PCS, the nation's largest provider of third-party prescription claim services, from seeking contracts that discount third-party reimbursments.

Ex-Reliable exec heads MedNet Group

HARRISBURG, Pa. — David Dalton, formerly senior vp-pharmacy operations for Reliable Drugs, is the new president and ceo of the MedNet Group, an administrator of prescription drug programs and durable medical equipment with a national provider network for insurance carriers and self-insured companies.

MedNet has offices in Ft. Lauderdale, Fla.; Washington, D.C. and Harrisburg, where Dalton will be located.

Woolworth Express beefs up expansion

NEW YORK — Woolworth Express, the specialty chain that emphasizes a tight assortment of H&BA, OTC, stationery, greeting cards and candy in a 6,000-square-foot format, will open 20 to 25 stores in 1990, according to Hank Von Speegle, director of operations. The chain, which has been on a fast-track expansion schedule, added seven stores to its roster in the past three months and ended the year with 36 outlets. The seven new stores are in California (4), Detroit (2) and Chicago. Von Speegle also said that a Woolworth Express is slated to open a unit in New York City on Jan. 26.

NWDA's McHugh to be J.E. Goold prez

PORTLAND, Me. — Robert E. McHugh, vp of industry affairs for the National Wholesale Druggists' Association, has been named president and chief operations officer of J.E. Goold & Co., a drug wholesaler based here. William G. Waldron, who had been president of the company, becomes chairman and ceo.

Drug Fair chair Jane Matteucci dead

GREAT FALLS, Mont. — Jane A. Matteucci, who was chairman of the board of Drug Fair Northwest based here, died last month at her home in Palm Desert, Calif. She was 83. Through her marriage to Paul A. Matteucci, who died in 1982, she became involved in Drug Fair Northwest, the family business of her husband.

Mrs. Matteucci is survived by her sons Ed (the new president of Affiliated/Associated Drug Stores), Bill and Bob; as well as a sister, Bernice Allen, and five grandchildren.

IN THIS ISSUE

Beauty Trends

Beauty Beat 31

Trends

Hot Categories for the '90s . . 11

Pharmacy

Cohen's Capsules 34
NACDS studies third-party cost differential 34
Gallup survey charts generic brand loyalty 38

Departments

Technology Today 1
Opinion
In the Market 4
Washington Perspective . . 4
Midwest Report 6
Ads and Promos 8
Product Updates 26
Finance 42

Small Chain Focus: Rodman's and Ark

Rodman's lure: low prices, service

WASHINGTON, D. C. — Leonard Rodman, president of Rodman's Discount Drugs, imagines "a dream day" when his three stores would hit $100,000 in sales.

That would translate to an annual sales rate of $750 per square foot—more than twice the chain drug industry average—for his stores' total retail space of 47,000 square feet. Unlikely?

Not for Rodman's, which lures loyal shoppers from throughout the greater D.C. area with a combination of everyday low prices in branded food, drug, and electronics and appliances, and attention to customer service.

In fact, Rodman's flagship unit—a 12,000-square-foot, bi-level store at 5100 Wisconsin Ave.—now posts $1,000 sales per square foot, Rodman says. Figure in the $500 sales per square foot achieved at the other stores in Wheaton and Laurel, Md., and the stores are ringing up $82,000 in daily sales already.

While a company with $30 million in annual sales can't make tidal waves in D.C., Rodman's stores have been thorns in the sides of Peoples, Dart and Rite Aid for a long time. Giant Foods, Rodman claims, price shops his stores on food.

Rodman has been a competitive, restless presence in the market ever since he started as one of the East's first discounters, at the time Herbert Haft was also refining his low-price approach at Dart.

Haft, in fact, lent a hand when Rodman's first Wisconsin Avenue store was gutted by fire. "He called and offered help to use any of his stores to fill prescriptions, and keep tabs," Rodman recalls.

That early offer of help was not forgotten. "Whenever anyone has a problem, I'm the first one to help them," says Rodman.

Discounters had to stick together in those days. Rodman recalls being booted from the D.C Pharmaceutical Association for selling drugs below Fair Trade prices. "They said, 'It's not illegal, but we just think it's immoral.'"

Early history

In the 1970s, Rodman had 12 stores, nine of them franchises, many doing $1 million to $3 million sales. They've all since been sold or closed, and the franchising idea has been retired.

"I had the right idea, but we didn't have the ground rules spelled out. [And] we picked guys with no financing," Rodman admits today.

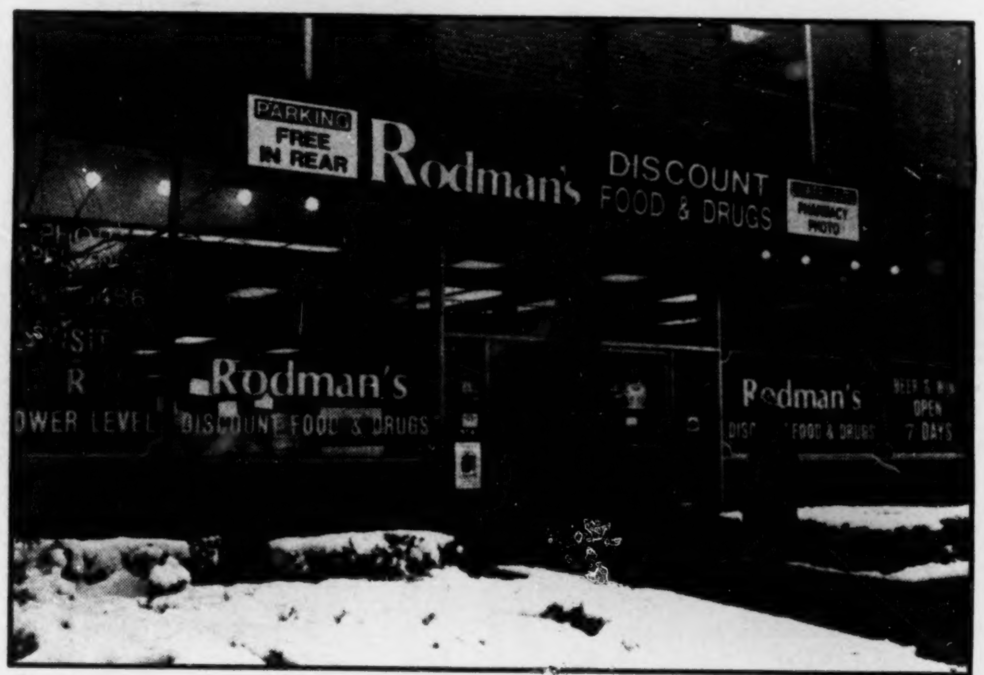
He's since been thinking of acquisitions. Backed by an unnamed investor last year, the company wanted to buy the 40 Drug Fair stores eventually bought by Rite Aid.

He feels his sons Yale and Roy, both Rodman's store managers, plus some capable employees, are ready for new challenges.

"We will tread water and wait for the right picture to appear," he said.

Rodman presides over his empire (which includes three beer and wine stores) at 5100 Wisconsin Ave., a

Continued on page 41



Rodman says a lot of his customers at 5100 Wisconsin Ave. drive from distant suburbs such as Bethesda and Potomac.

Ark Drugs stars in TV commercial

MT. VERNON, N. Y. — Ark Drugs, a four-store chain headquartered in Westchester County here, recently added television commercials to its advertising mix.

The commercials have aired regularly on cable TV since last September, Jay Kessler, president, told *Drug Store News*. "It's really a way of letting people know that we're here," Kessler said. The chain's 23,000-square-foot Mt. Vernon store has been in operation for about a year, and is featured in the 30-second commercial.

Kessler described the commercial as "generic" and added "We don't mention any prices or items, but feature our pharmacy department, our pharmacist, the cosmetician, the gift and stationery department, and the food mart."

Ark's Mt. Vernon store is the only one in the chain with a food mart department. The chain's other stores, located in Yonkers, Staten Island, and the Bell Harbor section of Queens, are considerably smaller than the Mt. Vernon store—between 6,000 and 8,000 square feet. Annual sales volume for the four stores is approximately $24 million, Kessler estimated.

Determine effectiveness

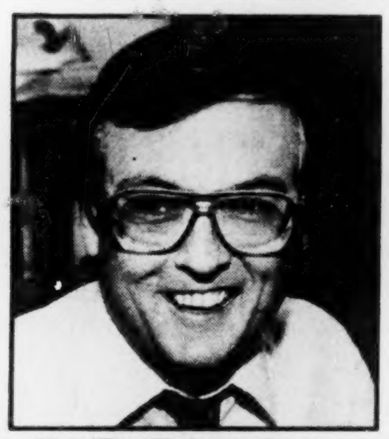
Kessler said it's hard to determine whether the TV commercials have been effective, even though they had an added boost of airing during the holiday season. "It's only been four months," Kessler said, "but we have had shoppers come into the stores and say they've seen me and my cosmetician on TV." Kessler also made a five-second commercial "extolling the virtues of cablevision, so my customers know who I am," he said.

"It is very expensive," Kessler contended about this medium, "and the cable TV station doesn't reach Mt. Vernon, where we operate our largest store," he said, but the commercial does reach the population south of Mt. Vernon, which is part of Ark's trading area.

Ark also puts out weekly pennysaver ads and produces 12 tabloid circulars a year. Last year he also used a highway billboard to advertise Ark. As for future television ads, Kessler said the chain will lay low this month, with Valentine's Day as a possible time for another commercial.

OPINION

The decade's top 10 retail stories



IN THE MARKET
BRUCE BUCKLEY

It occured to me that my years at *Drug Store News* span the entire decade of the eighties — no more, no less. And, since the end of the decade is traditionally a time for looking back, I thought I'd outline my own personal list of the decade's 10 most important retail drug stories. You're welcome to write or call with your own suggestions.

Rise of deep discounters. Low-margin H&BA stores were not a new phenomenon at the start of the decade. But the concept of chains of super-sized H&BA discount stores began to gather steam in Ohio with Drug Emporium and in Detroit with F&M. Today there are several dozen companies that have latched onto the concept. But only three have leaped aggressively into new markets all over the country: Drug Emporium, F&M and Phar-Mor.

The pharmacy turf wars. The eighties was also the decade of the combination store. The idea of combining a full-scale drug store and supermarket in a one-stop shopping environment got its start with Skaggs and Albertson's in the previous decade, but really took off in the eighties. By the end of the decade there were more than 4,000 supermarkets with pharmacies. Discounters like K mart and Wal-Mart weighed in with their own highly competitive pharmacies.

Consolidation. The concentration of drug store sales among the top companies became particularly pronounced in the eighties, as big chains used their financial clout to become even bigger. By mid-decade, however, chains tempered their "growth for growth's sake" philosophy, and began to concentrate on strengthening existing markets.

Increasing importance of pharmacy. Drug chains pulled back from trying to be all things to all customers, and began to concentrate on their strengths in health care. The trend is fueled by the increasingly large percentage of people found among the heaviest users of prescriptions—the elderly.

Back to basics. Drug chains also turned back to their traditional strengths in H&BA, cosmetics, film and photo-finishing, and greeting cards and to newer core categories like home/office and convenience foods.

Investment in store renewal. As chains scaled back growth plans, they also began to pour more money into store renewal. That investment, along with convenient locations, is perhaps the most important strength for drug stores as they enter the retail wars of the nineties.

Revolution in technology. The decade started with the beginnings of the pharmacy computer rollout. It ends with an explosion of new technological tools that are automating every phase of drug store operations.

Personnel shortages. A pressing problem for the nineties began to manifest itself in the eighties as the baby boom generation came of age and shortages, especially of pharmacists and entry-level clerks, became painfully apparent.

Return to service orientation. Drug stores, in their attempt to differentiate themselves from the competition, began to put more emphasis on customer service.

Overstoring. Market after market is already saturated. But chain drug stores, with their ability to fit into the smallest of niches and their concentration on crucial product lines, seem well-armored for the future.

Is R&D to blame for high Rx prices?

WASHINGTON PERSPECTIVE
KEN RANKIN

Are prescription drug prices too high? Lots of people on Capitol Hill think so. Sen. David Pryor (D-Ark.), for one, is convinced that pharmaceutical manufacturers are charging too much for their products.

Indeed, during recent hearings of his Senate Special Committee on Aging, Pryor blamed the collapse of the Medicare "Catastrophic" drug benefit on rising Rx drug prices.

Additionally, Pryor has charged that the pharmaceutical industry is price gouging state Medicaid programs, which have been "chopping and chiseling at their drug coverage" to compensate for these excessive prices.

"The states have raised co-payments, cut benefits, imposed coverage restrictions, held down pharmacy reimbursement," he said at a recent round of senate hearings. "In fact, they've done everything but get manufacturers to stop raising their prices at a rate three times faster than inflation."

Industry officials justify their pricing practices as necessary to finance the research and development of new pharmaceuticals. And, indeed, no one can question the fact that American drug manufacturers invest huge amounts into R&D.

Last year U.S. pharmaceutical firms invested over 16 percent of their total sales revenue into R&D—the strongest commitment to research of any industry. Moreover, that commitment is increasing. Industry R&D spending has doubled every five years since 1970, and today it costs an average of $125 million to bring each new drug to the market.

According to Pryor and other industry critics, however, the issue is not how much Rx drug manufacturers are spending on R&D, but whether these funds are really being used to bring important new drugs to the market.

According to PMA's study, 80 percent of of U.S. pharmaceutical research spending is earmarked for NMEs.

A report issued last summer by the Senate Aging Committee contends that much of the pharmaceutical industry's R&D emphasis is on developing so-called "me-too" drugs that offer little or no advantage over currently available medicines.

One Wall Street analyst cited by Pryor maintains that:

"A typical drug firm currently spends 15 to 20 percent of its research dollars on high-risk investigation of breakthrough products; 30 percent on developing improved versions of existing drugs; and the balance (50-55 percent) on so-called 'me-too' drugs—proprietary versions of drugs that are on the market and have been successful."

But is that really the case? A new analysis released by the Pharmaceutical Manufacturers Association suggests that the industry is not focusing R&D on me-too products at the expense of breakthrough drugs.

According to that study, some 80 percent of all U.S. pharmaceutical industry research spending is earmarked for NMEs—New Molecular Entities which have never before been marketed.

The report reveals that PMA member firms spent more than $26 billion on the development of NMEs between 1981 and 1988, vs. $6.5 billion on improvements to existing products.

Based on that, it's difficult to criticize pharmaceutical manufacturers for not trying to develop important new drugs.

DRUG STORE NEWS®
is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, NY 10022
212-371-9400
Subscription Services:
(212) 697-2165 or (212) 697-2166
Cable Address: LEBHAFRIED
Panafax: 212-838-9487

VP/Publisher **JAY FORBES**
Editor **BRUCE BUCKLEY**
Executive Editor **Al Heller**
Senior Desk Editor **Paul W. Cockerham**
Special Projects Editor **Elizabeth Parks**
Editor/Inside Pharmacy **Harold Cohen, R.Ph.**
Senior Editor **David Vaczek**
Associate Editor **Susan Bell**
Desk Editor **Bernadette Casey**
Field Editor **Christine Bizzarro**
Assistant Pharmacy Editor
Elizabeth Richardson
Editorial Assistant **Fred Ruecirher**
Bureau Editors:
James Frederick (Sr. Editor, Cleveland)
Ken Rankin (Bureau Chief, Washington)
Deane Evans (Washington)

Art Director **Bob Brokman**
Graphic Artist **Maria Agrusa-Ferrigno**
Associate Publisher/
National Adv. Manager **JILL MANEE**

REGIONAL SALES OFFICES
New York
Nat'l Accounts Manager **Larry Krongold**
N.Y. Area Manager **Dan Bagan**
N.Y. Area Manager **John Kenlon**
Boston 1 Gateway Center, Newton, MA 02158, 617-527-6394
Regional Manager: **James Malver**
Chicago 444 N. Michigan Ave., Chicago, IL 60611, 312-644-6688
Los Angeles 606 N. Larchmont Blvd., Los Angeles, CA 90004, 213-464-8321
Area Manager: **Howard Zabner**

Nat'l Director of Field Marketing & Circulation Services **Jim Dickison**
Circulation Director **Ken Turtoro**
Circulation List Manager **Vicki White**
Director of Manufacturing **Stan Kaufman**
Advertising Production Mgr.
Debbie Rothenberg

Board of Advisers
Judie Doherty, McKesson Corp.
David Eisenberg Peoples Drug Stores Inc.
Don Gross Genovese Drug Stores Inc.
Gary Hendren SupeRx Drugs Corp.
Jeffrey Fantle Fantle's
Frank Newman F & M Distributors
Larry Rose Fay's, Inc.
Ron Schiff Pay Less NW
David Schwartz Perry Drug Stores
Gary Wilber Drug Emporium
Ron Ziegler NACDS

Board of Pharmacy Advisers
Ken Anderson SupeRx Corp.
Clarence Archer Wal-Mart
Marty Belitz Shoppers Drug Mart
Dick Boyd American Drug Stores
Len DeMino NACDS
Paul DiGrazia Safeway Stores Inc.
Phillip R. Engle Bergen Brunswig Corp.
Robert King FoxMeyer Corp.
Howard Kramer K mart Corp.
Joseph Polastri McKesson Corp.
Saul Schneider K&B Inc.
Bob Shapiro Perry Drug Stores Inc.
Charles W. Trefrey NWDA

Founder (1900-1981) **Arnold D. Friedman**

President **J. Roger Friedman**
Sr. VP/Group Publisher
James T. deGraffenreid
VP/Administration **Harry A. Estes**
VP/Publisher **Jay Forbes**
VP/Finance **James Granato**
VP/Human Resources **Richard D. Groberg**
VP/Editorial Director **David O. Mahler**
Treasurer **Barry Okun**
Japan Diamond-Friedman Ltd. Chain Store Age Japan 1-4-2 Kasumigaseki, Chiyoda-ku Tokvo, Japan, 504-6750

The Audit Bureau MPA ABP

Publisher of Drug Store News, Accounting Today, Discount Store News, Nation's Restaurant News, National Home Center News, Chain Store Age Executive (with Shopping Center Age) and *APPAREL merchandising.* Affiliates: Business Guides Inc. (Directories); Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

Subscriptions
Call (212) 697-2165 or (212) 697-2166.
Having a problem with your subscription? Send us full details, including the mailing label from the last copy you received, along with your telephone number. We'll do everything possible to solve the problem at once. Write to Circulation Fulfillment Director, Drug Store News, 305 Madison Ave., Suite 535, New York, NY 10165-0079.

Permissions
Materials in this publication may not be reproduced in any form without written permission. Requests for permission should be directed to Jay Forbes, publisher, Drug Store News, 425 Park Ave., New York, NY 10022.

TRENDS

10 Hot Categories for the '90s

90
91
92
93
94
95
96
97
98
99

- Candy, snacks, beverages and convenience foods
- Diet aids
- Eye care/lens care
- Cough/cold
- Household cleaners
- Greeting cards
- Home office supplies
- Skin care/sun care
- Film
- Batteries

Drug store retailing is entering the last decade of the 20th century with a lot of things going for it, and the categories that are predicted to help drive sales gains in the '90s thrive on three of those strengths: convenience, health care image and service. The following are thumbnail profiles of 10 hot categories for the next decade:

- With time likely to be an increasingly scarce commodity, retailers predict busy shoppers will make groceries—especially **candy, snacks, beverages and convenience foods**—a big growth category for drug stores.
- Improved products such as Thompson Medical's Ultra Slim Fast are making **diet aids**, especially the meal-replacement segment, a sales feast for drug stores. Several chains have expanded the category, and at least one chain reported meal replacement sales went "off the charts" in 1989.
- Retailers see **eye care/lens care** sales growing 10 percent-15 percent in the 1990s, with strong brand loyalty and physician and pharmacist recommendations driving business.
- The **cough/cold** category is also a beneficiary of brand loyalty, but Rx-to-OTC switches are seen as the dominant force behind sales growth. Additional switches will power even more sales in the '90s.
- Shoppers like the convenience of buying **household cleaners** at drug stores, and retailers capitalize on that edge with endcap displays and frequent ads and promotions.
- "Should old acquaintance be forgot. . . " is an apt theme for the '90s, especially in **greeting cards.** Working women have less time to keep in touch with friends and family, and the trend toward non-occasion cards to help them maintain relationships promises to keep the category a big draw.
- Meanwhile, the roster of chains expanding the **home office** segment of their stationery departments continues to grow, as retailers gear up to exploit the increase in home offices and consumers' need to organize their affairs.
- Retailers also see **sun and skin care** products as bright spots for drug stores in the next decade. In addition, some anticipate, based on 1989 performance, that the bath and shower segment will gather momentum in 1990.
- **Film** continues to be a front-end winner for drug stores, with high turn rates offsetting slim gross margins. The boom in 35mm amateur photography, new products and strong promotions by manufacturers and retailers are main factors fueling sales.
- The country's fascination with consumer electronics and battery-operated toys and games is expected to keep **batteries** a high-volume category for drug chains.